

KESWICK FOUNDATION LIMITED
(Registered company number 1422314)
(Registered charity number 278449)

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED

31st DECEMBER 2020

KESWICK FOUNDATION LIMITED

DIRECTORS AND OFFICERS

Keswick Foundation Limited was incorporated on 23rd May 1979 as a charitable limited company in England. The articles of association of the company adopted pursuant to a special resolution of the members of the company on 8th November 1996, have been amended and a new set of articles of association, incorporating all the changes, was adopted on 16th April 2020. The Directors together with the Executive Committee members who served during 2020 and up to the date of signing the financial statements are listed below. The Articles of Association of the company allows for a board of not less than two Directors.

Co-founders:

Sir John Keswick
Mrs. Maggie Keswick Jencks

Directors:

Clara Weatherall, Chairman
Deming Chen
Christine Fang
Francine Fu
Kathryn Greenberg
Stacey Hildebrandt
Cosimo Jencks
Lily Jencks
Ben Keswick
Clare Keswick
Martha Keswick
Christophe Lee
Stephen Li
Neil McNamara
Lee Parr
Marcus Shaw
Angelina Yuen
Michael Yuen-jen Yao (appointed on 1st November 2020)

Executive Committee:

Angelina Yuen, Chairman
Martha Keswick
Deming Chen
Christine Fang
Francine Fu
Kathryn Greenberg
Stacey Hildebrandt
Cosimo Jencks
Christophe Lee
Stephen Li
Neil McNamara
Lee Parr
Michael Yuen-jen Yao (appointed on 1st November 2020)

Joint Company Secretaries:

Jonathan Lloyd
Phillip Hawkins (resigned on 9th December 2020)

KESWICK FOUNDATION LIMITED

DIRECTORS AND OFFICERS (CONTINUED)

Principal place of business:

25th Floor, Devon House
Taikoo Place
979 King's Road, Quarry Bay
Hong Kong

Independent auditors:

PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
1 Embankment Place
London WC2N 6RH
United Kingdom

Bankers:

The Hongkong and Shanghai Banking Corporation Limited
1 Queen's Road Central
Hong Kong

BNP Paribas Hong Kong Branch
63/F, Two Int'l Finance Centre
8 Finance Street Central
Hong Kong

Butterfield Trust (Bermuda) Limited
65 Front Street
Hamilton HM 12
Bermuda

Registered office:

3 Lombard Street
London EC3V 9AQ
England

KESWICK FOUNDATION LIMITED

DIRECTORS' REPORT

The Directors of the company, who are also the trustees for the purpose of UK Charity Law, submit their annual report and the company's audited financial statements for the financial year ended 31st December 2020.

The annual report and financial statements for the year ended 31st December 2020 have been prepared on a going concern basis, under the historical cost convention as modified by revaluation of investments, in compliance with the Companies Act 2006, the Charities Act 2011, the Accounting and Reporting by Charities: Statement of Recommended Practice (FRS102), and with UK Generally Accepted Accounting Practice. The principal accounting policies, which have been applied consistently throughout the year, including changes arising on the adoption of Charities SORP (FRS102).

Organisational Structure

The Board of Directors oversees the management, policy and planning of the company. The projects and their funding have to be reviewed and approved by the Executive Committee to ensure proper allocation of resources. Fanny Wong, the Executive Director, who is an employee of the company, provides supporting services to the administration office of the company and funding projects.

The company is registered as a charity (registered number: 278449) under the Charities Act 2011. The objects of the company are to help to support those in need in Hong Kong and mainland China by assisting pilot projects relating to human welfare.

Objectives and Activities for the Public Benefit

When reviewing the company's activities, the Directors have taken into consideration of the Charity Commission's guidance on public benefit disclosure and believe the activities of the company inherently meet the requirements given the nature of grants awarded to other charitable organisations.

The company's mission is to support, nurture and promote charitable bodies that address social needs in Hong Kong and mainland China. The company funds pilot projects/new services and long-term strategic initiatives. The projects that fill service gaps and address specific social needs would also be considered. The company funding may cover recurrent, programme, or, exceptionally, capital costs.

The nature of services to be focused on by the company includes elderly, youth/children, family and disability.

Grant Making Policy

The Executive Committee is responsible for approving the funding applications and will look at new funding applications throughout the year. In 2011, the company adopted a new policy to help maintain the efficiency of the assessment process. All new applications will be firstly screened through vetting meetings formed by at least 3 Executive Committee Members. The objectives of the vetting meeting are (a) to turn down irrelevant applications; (b) to approve certain straight forward applications, each project under HK\$500,000 per year; and (c) to make recommendations for further consideration by the Executive Committee of projects determined to be worthwhile. Those shortlisted proposals will be submitted to the Executive Committee for consideration and approval.

Achievements and Performance

In 2020, the company donated a total of HK\$24.2 million (2019: HK\$37.5 million) for 49 charity projects (2019: 48 charity projects) in Hong Kong and mainland China.

The projects covered a wide range of services such as support for children with heart disease, autistic children in Hong Kong and children from rural counties in mainland China. Here are some of the highlights:

- With a funding of HK\$1,507,200, Children Heart Foundation has launched a three-year project to provide psychological counselling, play therapy and creative art therapy to children with surgical distress and their parents.
- KF has committed a two-year funding, HK\$1,200,913, for Hong Chi Association to enhance the expressive ability of the non-verbal and autistic students through revamping a communication APP with new features.

KESWICK FOUNDATION LIMITED

DIRECTORS' REPORT (CONTINUED)

Achievements and Performance (continued)

- KF has committed HK\$1,049,100 to support a three-year project of World Vision China Foundation to increase protection of 3 – 6 years old children from unintentional injuries of road traffic injury, fall and drowning in rural counties of Shaanxi and Jiangxi, China.

Financial Position

The company had net profit for the year of HK\$7,651,368 (2019: net expenditure HK\$6,092,095). After taking into consideration of net profit on revaluation of investments of HK\$3,414,779 (2019: net loss HK\$287,211,160), the company had a net surplus for the year of HK\$11,066,147 (2019: net deficit HK\$293,303,255).

Dividend income from Investments for 2020 amounted to HK\$34,166,504 (2019: HK\$34,571,965). During the year the company made grants of HK\$24,169,633 (2019: HK\$37,549,570).

Under the company's Memorandum of Association, the income and property of the company shall be applied solely towards the promotion of its objects and no portion shall be paid or transferred, directly or indirectly by way of dividend, bonus or profit to members of the company. Furthermore, no member of the board shall be paid salary or fees or receive any remuneration or other benefit in money or money's worth from the company except for the reasonable payment of expenses.

Investment Policy and Performance against the Policy

In furtherance of the objects, the company may invest the monies of the company not immediately required in or on such investments, securities or property as may be thought fit, provided such consent and conditions as required by laws have been obtained and fulfilled.

The Directors determine the acquisitions and disposals of investments in order to maintain the income required for the charitable projects. In accordance with the instructions of the founders, the shares in Jardine Matheson Holdings Limited ("JMH"), which are held within the Endowment Fund, are the only investments held by the company in that Fund. Such investments are to be kept intact and only the income from these investments will be used by the company to distribute to charities and other organisations of its choice. For investments held in Unrestricted Funds, dividends and sales proceeds received from the shares continue to provide the income to enable the company to carry out its charitable activities. The Directors periodically review the performance of the portfolio to ensure that it continues to provide the most appropriate investment for the company's requirements.

Risks faced by the Charity

The Directors are responsible for the identification and management of risks, and have taken steps to ensure that controls are in place to mitigate them. There is market price risk in association with the investment of the company. However, the Directors consider the investment to be low risk and highly regarded when compared with benchmark investment indices. Review of the risks is conducted regularly to monitor the controls in place and the performance of JMH shares is reviewed annually by the Directors. The company is also exposed to liquidity risk in respect of the payments of committed projects, but it manages its liquidity requirements through maintaining sufficient cash and disposal of investments when additional cash is required.

Reserves

Most of the company's funds are held either as a permanent endowment or as funds designated for specific purposes. The company's policy is to maintain a minimum level of non-designated unrestricted funds equal to six months' general expenditure. At the year-end, unrestricted funds which have not been designated amounted to HK\$30,295,596 (2019: HK\$14,113,063). The reserves policy is reviewed from time to time by the Directors.

KESWICK FOUNDATION LIMITED

DIRECTORS' REPORT (CONTINUED)

Directors' Appointments

The first Directors were appointed by the subscribers.

The company may, by ordinary resolution, appoint a person who is willing to act as a Director, either to fill a vacancy or as an additional Director. The Directors may also appoint a person who is willing to act as an additional Director.

On appointment, the chairman of the Executive Committee will have a briefing session with the new Director on board to explain his/her roles and responsibilities.

The current Directors, and those who served during the year, are listed on page 1.

Statement of Directors' Responsibilities

The Directors (who are also trustees of Keswick Foundation Limited for the purposes of charity law) are responsible for preparing the Directors' Annual Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have prepared the financial statements in accordance with United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and applicable law (United Kingdom Generally Accepted Accounting Practice). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of the affairs of the charitable company and the group and of the incoming resources and application of resources, including the income and expenditure, of the charitable group for that period. In preparing these financial statements, the directors are required to:

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

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the charitable company's transactions and disclose with reasonable accuracy at any time the financial position of the charitable company and the group and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the charitable company and the group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The directors are responsible for the maintenance and integrity of the charitable company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Statement of Disclosure of Information to Auditors

In so far as the directors are aware:

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

KESWICK FOUNDATION LIMITED

DIRECTORS' REPORT (CONTINUED)

Independent Auditors

The auditors, PricewaterhouseCoopers LLP, have indicated their willingness to continue in office.

The members amended the Articles of Association on 16th April 2020 inter alia, dispensing with the requirement of holding Annual General Meetings and approved that the auditors of the company will automatically be deemed re-appointed unless sufficient members have given notice to the company under section 488 of the Companies Act.

On behalf of the Board



Angelina Yuen
Director

HONG KONG, 27th September 2021

Independent auditors' report to the members of Keswick Foundation Limited

Report on the audit of the financial statements

Opinion

In our opinion, Keswick Foundation Limited's financial statements (the "financial statements"):

- give a true and fair view of the state of the charitable company's affairs as at 31 December 2020 and of its incoming resources and application of resources, including its income and expenditure, and cash flows, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and applicable law); and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements, included within the Annual Report and Financial Statements (the "Annual Report"), which comprise: the balance sheet as at 31 December 2020; the statement of financial activities (incorporating a summary income and expenditure account), the statement of cash flows for the year then ended; and the notes to the financial statements, which include a description of the significant accounting policies.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities under ISAs (UK) are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We remained independent of the charitable company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, which includes the FRC's Ethical Standard and we have fulfilled our other ethical responsibilities in accordance with these requirements.

Conclusions relating to going concern

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 the date on which the financial statements are authorised for issue.

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

However, because not all future events or conditions can be predicted, this conclusion is not a guarantee as to charitable company's ability to continue as a going concern.

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

Reporting on other information

The other information comprises all of the information in the Annual Report other than the financial statements and our auditors' report thereon. The directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except to the extent otherwise explicitly stated in this report, any form of assurance 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 an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of the financial statements or a material misstatement of the other information. 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 based on these responsibilities.

Based on our work undertaken in the course of the audit, the Companies Act 2006 requires us also to report certain opinions and matters as described below.

Directors' Report

In our opinion, based on the work undertaken in the course of the audit the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements; and the Directors' Report has been prepared in accordance with applicable legal requirements.

In addition, in light of the knowledge and understanding of the charitable company and its environment obtained in the course of the audit, we are required to report if we have identified any material misstatements in Directors' Report. We have nothing to report in this respect.

Responsibilities for the financial statements and the audit

Responsibilities of the directors for the financial statements

As explained more fully in the Statement of Directors' Responsibilities, the directors are responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The directors are also responsible for such internal control as they 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 directors 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 directors either intend to liquidate the charitable company or to cease operations, or have no realistic alternative but to do so.

Auditors' 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 an auditors' report 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.

Based on our understanding of the charitable company and industry, we identified that the principal risks of non-compliance with laws and regulations related to the Charities Act 2011 and applicable tax laws, and we considered the extent to which non-compliance might have a material effect on the financial statements. We also considered those laws and regulations that have a direct impact on the financial statements such as the Companies Act 2006. We evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls), and determined that the principal risks were related to posting inappropriate journal entries to misstate results and management bias in accounting estimates and judgemental areas of the financial statement. Audit procedures performed included:

- discussions with management, including consideration of known or suspected instances of non-compliance with laws and regulations and fraud;
- reviewing relevant meeting minutes;
- evaluate assumptions and judgements made by management in determining key accounting estimates and judgement, in particular in relation to the valuation of investments;
- As in all of our audits we also addressed the risk of management override of internal controls, including testing journals, and evaluated whether there was evidence of bias by the directors that represented a risk of material misstatement due to fraud.

There are inherent limitations in the audit procedures described above. We are less likely to become aware of instances of non-compliance with laws and regulations that are not closely related to events and transactions reflected in financial statements. Also, 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.

A further description of our responsibilities for the audit of the financial statements is located on the FRC's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditors' report.

Use of this report

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

Other required reporting

Companies Act 2006 exception reporting

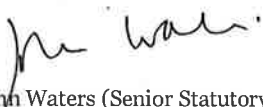
Under the Companies Act 2006 we are required to report to you if, in our opinion:

- we have not obtained all the information and explanations we require for our audit; or
- adequate accounting records have not been kept by the charitable company or returns adequate for our audit have not been received from branches not visited by us; or
- certain disclosures of directors' remuneration specified by law are not made; or
- the financial statements are not in agreement with the accounting records and returns.

We have no exceptions to report arising from this responsibility.

Entitlement to exemptions

Under the Companies Act 2006 we are required to report to you if, in our opinion, the directors were not entitled to: take advantage of the small companies exemption from preparing a Strategic Report. We have no exceptions to report arising from this responsibility.


John Waters (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
London
27 September 2021

KESWICK FOUNDATION LIMITED

STATEMENT OF FINANCIAL ACTIVITIES
FOR THE YEAR ENDED 31ST DECEMBER 2020

		Unrestricted Funds	Permanent Endowment Fund	Total Funds	Total Funds
	Note	2020 HK\$	2020 HK\$	2020 HK\$	2019 HK\$
Donations		225,000	-	225,000	225,000
Investment income	3	34,166,504	-	34,166,504	34,571,965
Interest income		311,788	-	311,788	714,710
Total income		<u>34,703,292</u>	<u>-</u>	<u>34,703,292</u>	<u>35,511,675</u>
Expenditure on:					
Charitable activities	4	(26,957,939)	-	(26,957,939)	(40,973,652)
Other: Bank charges		(6,800)	-	(6,800)	(5,484)
Audit fee		(225,000)	-	(225,000)	(225,000)
Total expenditure		<u>(27,189,739)</u>	<u>-</u>	<u>(27,189,739)</u>	<u>(41,204,136)</u>
Total		7,513,553	-	7,513,553	(5,692,461)
Net foreign exchange gain/(loss)		137,815	-	137,815	(399,634)
Net revaluation gain/(loss) on Investments	11	-	3,414,779	3,414,779	(287,211,160)
Net income/(expenditure)		<u>7,651,368</u>	<u>3,414,779</u>	<u>11,066,147</u>	<u>(293,303,255)</u>
Net movement in funds		7,651,368	3,414,779	11,066,147	(293,303,255)
Fund balances brought forward		42,300,372	1,108,876,646	1,151,177,018	1,444,480,273
Fund balances carried forward		<u>49,951,740</u>	<u>1,112,291,425</u>	<u>1,162,243,165</u>	<u>1,151,177,018</u>

All amounts relate to continuing operation. There were no recognised gains or losses and therefore no separate statement of recognised gains and losses has been presented.

The notes on page 14 to 19 form part of these financial statements.

KESWICK FOUNDATION LIMITED

**SUMMARY INCOME AND EXPENDITURE ACCOUNT
FOR THE YEAR ENDED 31ST DECEMBER 2020**

	2020 HK\$	2019 HK\$
Total income	34,703,292	35,511,675
Cost of generating funds	(6,800)	(5,484)
Cost of grant making	(26,957,939)	(40,973,652)
Governance costs	(225,000)	(225,000)
	(27,189,739)	(41,204,136)
Net foreign exchange gain/(loss)	137,815	(399,634)
Net surplus/(expenditure) of the year	7,651,368	(6,092,095)

The notes on page 14 to 19 form part of these financial statements.

KESWICK FOUNDATION LIMITED

**BALANCE SHEET
AS AT 31ST DECEMBER 2020**

	Note	2020 HK\$	2019 HK\$
Non-current assets			
Investments	11	<u>1,112,290,038</u>	<u>1,108,875,259</u>
Current assets			
Other receivables	12	578,229	113,124
Cash at bank and in hand		49,476,881	42,379,686
Total current assets		<u>50,055,110</u>	<u>42,492,810</u>
Current liabilities			
Accruals and other payables	13	<u>(101,983)</u>	<u>(191,051)</u>
Net current assets		<u>49,953,127</u>	<u>42,301,759</u>
Total assets less current liabilities		<u>1,162,243,165</u>	<u>1,151,177,018</u>
Net assets		<u>1,162,243,165</u>	<u>1,151,177,018</u>
Funds:			
Permanent endowment funds	14	15,370,847	15,370,847
Revaluation reserve	15	<u>1,096,920,578</u>	<u>1,093,505,799</u>
		<u>1,112,291,425</u>	<u>1,108,876,646</u>
Unrestricted funds:			
Share capital	16	1,102	1,102
Designated funds	17	15,952,366	28,187,309
Other charitable funds	17	<u>33,998,272</u>	<u>14,111,961</u>
		<u>49,951,740</u>	<u>42,300,372</u>
Total Funds	18	<u>1,162,243,165</u>	<u>1,151,177,018</u>

The financial statements on pages 10 to 19 were approved by the Board on 27th September 2021 and signed on its behalf by :


Angelina Yuen
DIRECTOR


MK
Martha Keswick
DIRECTOR

The notes on page 14 to 19 form part of these financial statements.

KESWICK FOUNDATION LIMITED

**STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31ST DECEMBER 2020**

	2020 HK\$	2019 HK\$
Cash flows from operating activities :		
Net Income/(expenditure)	7,651,368	(6,092,095)
Exchange (gain)/loss	(137,815)	399,634
Investment income	(34,166,504)	(34,571,965)
Interest income	(311,788)	(714,710)
(Increase)/decrease in other receivables	(557,618)	372,168
(Decrease)/Increase in payables	(89,068)	167,457
Net cash used in operating activities	<u>(27,611,425)</u>	<u>(40,439,511)</u>
Cash flows from investing activities		
Dividends received	34,166,504	34,571,965
Interest received	404,301	885,872
Net cash provided by investing activities	<u>34,570,805</u>	<u>35,457,837</u>
Change in cash and cash equivalents due to exchange rate movements	137,815	(399,634)
Change in cash and cash equivalents in the reporting period	<u>7,097,195</u>	<u>(5,381,308)</u>
Cash and cash equivalents at the beginning of the reporting period	<u>42,379,686</u>	<u>47,760,994</u>
Cash and cash equivalents at the end of the reporting period	<u><u>49,476,881</u></u>	<u><u>42,379,686</u></u>

The notes on page 14 to 19 form part of these financial statements.

KESWICK FOUNDATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS

1 ACCOUNTING POLICIES

(a) Basis of preparation

The financial statements have been prepared in accordance with Financial Reporting Standard 102 – 'The Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland' ('FRS 102') and with the Statement of Recommended Practice 'Accounting and Reporting by Charities' FRS 102 as revised in 2019 ('the SORP 2019'), together with the reporting requirements of the Companies Act 2006, and the Charities Act 2011. The Company has adapted the Companies Act formats to reflect SORP 2019 and the special nature of the Company's activities.

The financial statements have been prepared under the historical cost convention as modified by the revaluation of listed investments.

The financial statements have been prepared on the going concern basis. There are no material uncertainties about the Company's ability to continue operating as a going concern. The accounting policies have been applied consistently throughout the financial statements and the prior year.

(b) Revenue recognition

Dividend income from investments is recognised when the dividend is received.

Interest income is recognised on a time apportioned basis.

Donations in kind are included in the financial statements at their value to the charity estimated by the Directors, unless it is not possible to quantify that value. Donations in kind are credited to revenue on a receivable basis.

(c) Resources expended

All expenditure is accounted for on an accruals basis and has been classified under appropriate headings in the financial statements.

Cost of generating funds represents bank charges for administration of investments. Costs of charitable activities include grants made and support costs as shown in note 4. Governance costs comprise all costs involving the public accountability of the company and its compliance with regulation and good practice. These costs include costs related to statutory audit and legal fees.

(d) Grants

Grants are included in the statement of financial activities in the accounting period in which they are approved by the Executive Committee as unconditional. Grants approved which have conditions attached are initially recorded as commitments and are only included in the statement of financial activities when the conditions have been met.

KESWICK FOUNDATION LIMITED**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)****1 ACCOUNTING POLICIES (continued)****(e) Investments**

Investments are stated at fair value.

Realised and unrealised gains or losses on investments are accounted for within the fund that owns the investments.

(f) Funds

The company maintains the following types of funds:

Permanent endowment funds which comprises gifts from donors where the donor has specified that the capital must be retained in perpetuity but the income earned on it is for the general use of the charity. Such income is credited to unrestricted funds.

Designated funds are unrestricted funds earmarked by the Directors for specific purposes.

Other unrestricted funds represents all other funds, which can be used by the Directors for any purpose to further the charity's objectives.

(g) Pension

The company's contributions to the Mandatory Provident Fund (the "MPF") are expensed as incurred and are 100% vested in the employees as soon as they are paid to the MPF. The company contributes 10% of the employees' gross salary. The MPF is a defined contribution retirement scheme administered by independent trustees. Differences between contributions payable in the year and the contributions actually paid are shown as either accruals or prepayments in the balance sheet.

(h) Translation of foreign currencies

The company's functional currency is Hong Kong dollars. Transactions in foreign currencies are translated at exchange rates ruling at the transaction dates. Monetary assets and liabilities expressed in foreign currencies at the balance sheet date are translated at rates of exchange ruling at the balance sheet date. Exchange differences arising in these cases are dealt with in the statement of financial activities.

2 CRITICAL ACCOUNTING JUDGEMENTS AND SOURCES OF ESTIMATION UNCERTAINTY

The Company makes assumptions, estimates, judgements in the process of applying the Company's accounting policies that affect the assets, liabilities, income and expenditure in the financial statements prepared in accordance with the Charities SORP 2019. The assumptions, estimates and judgements are based on historical evidence and other factors that are believed to be reasonable under circumstances. While the Directors review their judgements, estimates and assumptions continuously, the actual result will seldom be equal to the estimates.

3 INVESTMENT INCOME

	2020	2019
	HK\$	HK\$
Dividend from Jardine Matheson Holdings Limited	34,166,504	34,571,965

4 CHARITABLE ACTIVITIES

		2020	2019
	Note	HK\$	HK\$
Grants paid	5	24,169,633	37,549,570
Support costs	6	2,788,306	3,424,082
		<u>26,957,939</u>	<u>40,973,652</u>

KESWICK FOUNDATION LIMITED
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
5 GRANTS PAID

Grants paid are payments made to specific charitable projects as approved by the Directors. The following is a list of grants paid during the year:-

<u>Name of recipient</u> (each recipient below received one grant except where detailed):	2020 HK\$	2019 HK\$
Caritas Hong Kong	1,129,170	1,859,587
Children's Heart Foundation	165,900	-
China Association of Social Work Education	-	676,019
China Coast Community	-	247,000
- Weekly Psychotherapy Services	-	11,700
- Occupational Therapy Services	70,200	-
Christian Family Service Centre	607,077	1,652,509
Ebenezer New Hope School	1,068,834	383,714
Evangel Children's Home	-	675,540
- Counselling Services Scheme	454,005	799,718
Grwth Foundation Ltd	-	223,510
Half the Sky Foundation (Asia) Ltd	-	466,310
Home Care for Girls	-	-
- Counselling Services Scheme	456,997	-
Hong Chi Association	288,822	-
Hong Kong Christian Services	-	647,543
- Counselling Services Scheme	459,988	1,690,759
Hong Kong Family Welfare Society	-	467,060
Hong Kong Social Workers Association	1,403,994	896,100
Maggie's Cancer Caring Centre	880,500	-
Mother's Choice	182,500	-
Project Space Limited	-	687,340
RainLily	646,267	631,683
Recognition Award	50,000	57,500
Sister of the Good Shepherd	-	-
- Clinical Psychological	250,000	-
The ABM HK Swatow Baptist Church	-	933,137
- Life Enrichment	686,447	-
- School-based Consultation	247,400	-
The Boys' & Girls' Clubs Association of HK	-	404,700
- Counselling Services Scheme	456,997	1,143,902
- Developing Sustainable Services	596,840	106,800
The Hong Kong Council of Social Service	-	-
- Dreamstarter	-	112,500
- Champion for Change Award	28,125	1,346,934
- Stair Climbing Services	953,036	1,238,082
The Hong Kong Council of the Church of Christ in China	532,467	1,458,431
The Hong Kong Federation of Youth Group:-	758,911	-
- Project iSmarter	227,490	-
- Psychological Services	452,589	1,089,935
The Society for Community Organisation	-	651,900
The University of Hong Kong	-	435,138
- Advisory Network Project	-	842,360
- Centre on Behavioural Health	598,095	3,061,950
- CSRP	1,263,540	696,406
- Dept of Social Work	869,215	-
- Developing Team Work	373,006	914,278
World Vision China Foundation Ltd	298,144	-
Yang Memorial Methodist Social Service Mongkok Integrated Family Service Centre	934,894	2,678,960
Youth Outreach	-	392,700
Champion for Change Award	-	198,700
- Baptist Oi Kwan Service	-	333,000
- Caritas Hong Kong	165,595	100,000
- Christian Family Service	49,927	100,000
- CNEC Lui Ming Choi Primary School	200,000	200,000
- The Hong Kong Council of Social Service	100,000	200,000
- The Boys' & Girls' Clubs Association of Hong Kong	167,000	200,000
- The Church of United Brethren in Christ Social Service	200,000	132,500
- The Salvation Army Hong Kong East Integrated Service	201,300	200,000
- Yan Oi Tong	167,000	-
- 3 year Projects	16,840	-
CASWE	57,895	-
China Social Work Project Fund I	-	3,212,366
China Social Work Project Fund II	-	210,879
- Projects	2,238,864	806,240
- Monitoring expenses	-	2,000,902
The Hong Kong Polytechnic University	-	86,280
- Asset based Community Building of Migrant Local	-	-
- Dept of Rehabilitation Sciences	1,227,812	-
- Extra-subsidiaries for Training Workshop	-	-
- New Generation of Social Work Teachers	1,273,413	-
Yang Ai	371,720	179,619
Shaanxi Jia Yuen Hui Social Work Service Centre	169,429	133,058
Short-term funds (7 projects)	704,656	-
China short-term funds	174,337	-
Refund of unused amount from completed projects	(707,605)	(125,679)
	24,169,633	37,549,570

The company has not awarded any grants to individuals during 2020 (2019: nil).

KESWICK FOUNDATION LIMITED**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)****6 SUPPORT COSTS**

	Note	2020 HK\$	2019 HK\$
Staff costs	7	2,516,236	2,672,530
Printing and stationery		10,289	10,377
Website		17,716	17,176
Office equipment expensed		67,534	21,600
Travelling expenses		3,813	3,693
40th Anniversary Book		13,864	450,000
Sundry expenses		158,854	248,706
		<u>2,788,306</u>	<u>3,424,082</u>

All support costs have been allocated to charitable activities.

7 STAFF COSTS

	2020 HK\$	2019 HK\$
Wages and salaries	2,353,250	2,470,423
Other pension costs	162,986	202,107
	<u>2,516,236</u>	<u>2,672,530</u>

The average number of full-time equivalent employees during the year was 4 (2019: 4). One employee's emolument (2019: 1) fell within the band GBP80,000 - GBP90,000 (equivalent to HK\$800,622 - HK\$900,700).

Defined contribution pension plan of HK\$28,983 remains unpaid as at 31st December 2020 (2019: HK\$28,329).

The above numbers do not include Directors who are not permitted to receive remuneration for their duties.

8 DIRECTORS' REMUNERATION

None of the Directors received any remuneration or reimbursement of expenses in respect of their services rendered to the company during the year (2019: nil).

9 REMUNERATION OF THE AUDITORS

The auditors do not charge for the services rendered to the company. The audit fees of HK\$225,000 (2019: HK\$225,000), which is by reference to the audit hours incurred and hourly charge out rate. The audit fees have been included within donations under incoming resources and fees and professional charges under resources expended, to reflect the services are rendered honorary in nature.

10 TAXATION

The company is exempted from Hong Kong profits tax under Section 88 of the Inland Revenue Ordinance (Cap. 112).

The company is a registered charity, and as such is entitled to certain tax exemptions on income and profits from investments, carried on in furtherance of the company's primary objectives, if these profits are applied solely for charitable purposes.

No United Kingdom corporation tax liability arises for the year (2019: nil).

KESWICK FOUNDATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

11 INVESTMENTS

Investments represent shares in Jardine Matheson Holdings Limited ("JMH"), a company listed on the London Stock Exchange.

	2020 HK\$	2019 HK\$
Movements for the year:		
At 1st January	1,108,875,259	1,396,086,419
Net revaluation gain/(loss)	3,414,779	(287,211,160)
At 31st December	<u>1,112,290,038</u>	<u>1,108,875,259</u>
Historical cost as at 31st December	<u>15,369,460</u>	<u>15,369,460</u>
Revaluation gains at 31st December	<u>1,096,920,578</u>	<u>1,093,505,799</u>

The above unrealised gain relates to the endowment fund. The Directors believe that the carrying value of the investment is supported by its underlying net assets.

12 OTHER RECEIVABLES

	2020 HK\$	2019 HK\$
Interest receivable	19,787	112,300
Cash advances	558,442	824
	<u>578,229</u>	<u>113,124</u>

13 ACCRUALS AND OTHER PAYABLES

	2020 HK\$	2019 HK\$
Special bonus	73,000	118,020
Employer's contribution of MPF expenses	28,983	28,329
Provision for 40th Anniversary book expenses	-	44,702
	<u>101,983</u>	<u>191,051</u>

14 PERMANENT ENDOWMENT FUNDS

Permanent endowment funds of the company represent the JMH shares accepted by the Directors as a gift on 19th October 1979 and 4th December 2000. The value of the shares received on those dates were HK\$15,250,000 and HK\$120,847 respectively. The Directors hold this investment as a fund to provide income for the charitable purpose of the company and this amount has therefore been credited to capital reserves.

15 REVALUATION RESERVE

	2020 HK\$	2019 HK\$
At 1 January 2020	1,093,505,799	1,380,716,959
Net revaluation gain/(loss) during the year	3,414,779	(287,211,160)
At 31st December 2020	<u>1,096,920,578</u>	<u>1,093,505,799</u>

16 SHARE CAPITAL

	2020 HK\$	2019 HK\$
Authorised, allotted and fully paid:		
100 (2019: 100) ordinary shares of £1 each	<u>1,102</u>	<u>1,102</u>

KESWICK FOUNDATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

17 DESIGNATED FUNDS AND OTHER CHARITABLE FUNDS

The unrestricted funds of the company represent the accumulated net income and unrealised gains on revaluation of investments which are not related to the permanent endowment funds. The unrestricted funds are further classified as designated funds for specific charitable projects which are approved by the Directors and other charitable funds.

	2020 HK\$	2019 HK\$
<u>Designated funds</u>		
At 1st January	28,187,309	38,376,342
Designations	11,934,690	27,360,537
Utilised during the year	(24,169,633)	(37,549,570)
At 31st December	<u>15,952,366</u>	<u>28,187,309</u>
	2020 HK\$	2019 HK\$
<u>Other charitable funds</u>		
At 1st January	14,111,961	10,015,023
Net incoming resources before revaluations and grants paid	31,821,001	31,457,475
Designations	(11,934,690)	(27,360,537)
At 31st December	<u>33,998,272</u>	<u>14,111,961</u>

18 ANALYSIS OF NET ASSETS BETWEEN FUNDS

	Unrestricted funds 2020 HK\$	Permanent endowment funds 2020 HK\$	Total funds 2020 HK\$
Investments	-	1,112,290,038	1,112,290,038
Current assets	50,053,723	1,387	50,055,110
Current liabilities	(101,983)	-	(101,983)
Net assets	<u>49,951,740</u>	<u>1,112,291,425</u>	<u>1,162,243,165</u>
	2019 HK\$	2019 HK\$	2019 HK\$
Investments	-	1,108,875,259	1,108,875,259
Current assets	42,491,423	1,387	42,492,810
Current liabilities	(191,051)	-	(191,051)
Net assets	<u>42,300,372</u>	<u>1,108,876,646</u>	<u>1,151,177,018</u>

19 COMMITMENTS

	2020 HK\$	2019 HK\$
Payable within one year	15,952,366	28,187,309
Payable between one and five years	5,018,266	10,179,022
	<u>20,970,632</u>	<u>38,366,331</u>

Of the commitments payable within one year at 31st December 2019, HK\$21,217,384 was paid during the year.

These commitments are grants approved by the Executive Committee, payable to organisations and subject to terms and conditions stated in the grant letters.

20 RELATED PARTY TRANSACTIONS

Certain of the Board of Directors are directors of JMH or affiliated with the directors of JMH. Dividend income of HK\$34,166,504 (2019: HK\$34,571,965) was received from the investment in JMH.