

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

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED

31st DECEMBER 2022

KESWICK FOUNDATION LIMITED

DIRECTORS AND OFFICERS

Keswick Foundation Limited was incorporated on 23rd May 1979 as a charitable company limited by shares in England. The articles of association of the Company was adopted pursuant to a special resolution of the members of the Company on 24th November 2020. The Directors together with the Executive Committee members who served during 2022 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 Mary WEATHERALL, Chairman
Deming CHEN
Wai Chi CHOW (appointed on 1st November 2022)
Christine Meng Sang FANG (resigned on 15th March 2022)
Francine Wing Ting FU KWONG
Kathryn Mary GREENBERG
Stacey Anne HILDEBRANDT
Ivor Cosimo JENCKS
Lily Clare JENCKS
Benjamin William KESWICK
Clare Jane KESWICK
Martha KESWICK
Christophe Kin Ping LEE
Stephen Charles LI
Neil Michael MCNAMARA
Evelyn Lee Hough PARR (resigned on 23rd December 2022)
Marcus Joytak SHAW (resigned on 15th March 2022)
Angelina Woon Ki YUEN TSANG
Michael Yuen-jen YAO

Executive Committee:

Angelina Woon Ki YUEN TSANG, Chairman
Martha KESWICK
Deming CHEN
Wai Chi CHOW (appointed on 1st November 2022)
Christine Meng Sang FANG (resigned on 15th March 2022)
Francine Wing Ting FU KWONG
Kathryn Mary GREENBERG
Stacey Anne HILDEBRANDT
Ivor Cosimo JENCKS
Christophe Kin Ping LEE
Stephen Charles LI
Neil Michael MCNAMARA
Evelyn Lee Hough PARR (resigned on 23rd December 2022)
Michael Yuen-jen YAO

Company Secretary:

Jonathan Lloyd

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 2022.

The annual report and financial statements for the year ended 31st December 2022 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 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' FRS102 as revised in 2019 ("the SORP 2019"). The principal accounting policies, which have been applied consistently throughout the year, including changes arising on the adoption of Charities SORP ("FRS 102").

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 2022, the Company donated a total of HK\$29.7 million (2021: HK\$20.8 million) for 38 charity projects (2021: 41 charity projects) in Hong Kong and mainland China.

The projects covered a wide range of services, such as support for disadvantaged families, frail older adults as well as capacity building for professionals in Hong Kong. Here are some of the highlights:

- With funding of HK\$6,607,272, a project has enhanced the well-being of sub-divided flat residents through the establishment of a community hub which allows service users to cook, do laundry and network.
- the Company has committed HK\$5,721,000 to provide stair climbing service, healthy lifestyle encouragement training, meal delivery and escort services for frail elderly residents living in barrier buildings.
- The amount of HK\$5,871,765 has been committed to build up the capacity of social workers in Hong Kong by setting up a continuing professional development system.

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 a net surplus for the year of HK\$9,899,524 (2021: net surplus of HK\$11,172,018). After taking into consideration of net loss of revaluation of investments of HK\$82,345,522 (2021: HK\$13,109,717), the Company had a net deficit for the year of HK\$72,445,998 (2021: HK\$1,937,699).

Dividend income from investments for 2022 amounted to HK\$42,430,705 (2021: HK\$34,222,467). During the year, the Company made grants of HK\$29,662,468 (2021: HK\$20,833,482).

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\$42,724,759 (2021: HK\$40,247,707). The reserves policy is reviewed regularly by the Directors and last reviewed on 31st December 2022.

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 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 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 SORP 2019;
- 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 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.

Statement of Disclosure of Information to Auditors

In the case of each director in office at the date the directors' report is approved:

- so far as the director is aware, there is no relevant audit information of which the charitable company's auditors are unaware; and
- the directors have taken all steps that they ought to have taken as a director to make themselves aware of any relevant audit information and to establish that the auditors are 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 Woon Ki YUEN TSANG
Director

HONG KONG, 29th June 2023

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 2022 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, including 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 2022; the statement of financial activities, the summary income and expenditure account, and the statement of cash flows for the year then ended; and the notes to the financial statements, which include a description of 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 the 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 and Financial Statements 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.

Independent auditors' report to the members of Keswick Foundation Limited (Continued)

Report on the audit of the financial statements

Reporting on other information (Continued)

With respect to the Directors' Report, we also considered whether the disclosures required by the UK Companies Act 2006 and Charities Act 2011 have been included.

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 year ended 31 December 2022 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.

In light of the knowledge and understanding of the charitable company and its environment obtained in the course of the audit, we did not identify any material misstatements in the Directors' Report.

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 its industry, we identified that the principal risks of non-compliance with laws and regulations related to the Companies Act 2006, 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 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 statements. Audit procedures performed by the engagement team included:

- discussion with management, including consideration of known or suspected instances of non-compliance with laws and regulations and fraud;
- reviewing relevant meeting minutes;
- evaluating 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 evaluating whether there was evidence of bias by the directors that represented a risk of material misstatement due to fraud.

Independent auditors' report to the members of Keswick Foundation Limited (Continued)

Report on the audit of the financial statements

Responsibilities for the financial statements and the audit (Continued)

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 company'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
29 June 2023

KESWICK FOUNDATION LIMITED

STATEMENT OF FINANCIAL ACTIVITIES
FOR THE YEAR ENDED 31ST DECEMBER 2022

		Unrestricted Funds	Permanent Endowment Fund	Total Funds	Total Funds
		2022	2022	2022	2021
	Note	HK\$	HK\$	HK\$	HK\$
Donations		245,250	-	245,250	225,000
Investment income	3	42,430,705	-	42,430,705	34,222,467
Interest income		854,857	-	854,857	129,291
Total income		<u>43,530,812</u>	<u>-</u>	<u>43,530,812</u>	<u>34,576,758</u>
Expenditure on raising funds		(6,864)	-	(6,864)	(10,044)
Expenditure on charitable activities	4	(32,744,107)	-	(32,744,107)	(23,781,448)
Total expenditure		<u>(32,750,971)</u>	<u>-</u>	<u>(32,750,971)</u>	<u>(23,791,492)</u>
Total		10,779,841	-	10,779,841	10,785,266
Net foreign exchange (loss)/gain		(880,317)	-	(880,317)	386,752
Net revaluation loss on Investments	11	-	(82,345,522)	(82,345,522)	(13,109,717)
Net surplus/(deficit)		<u>9,899,524</u>	<u>(82,345,522)</u>	<u>(72,445,998)</u>	<u>(1,937,699)</u>
Net movement in funds		9,899,524	(82,345,522)	(72,445,998)	(1,937,699)
Fund balances brought forward		61,123,758	1,099,181,708	1,160,305,466	1,162,243,165
Fund balances carried forward		<u>71,023,282</u>	<u>1,016,836,186</u>	<u>1,087,859,468</u>	<u>1,160,305,466</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 2022**

	2022 HK\$	2021 HK\$
Total income	43,530,812	34,576,758
Cost of generating funds	(6,864)	(10,044)
Cost of grant making	(32,498,857)	(23,556,448)
Governance costs	(245,250)	(225,000)
	(32,750,971)	(23,791,492)
Net foreign exchange (loss)/gain	(880,317)	386,752
Net surplus of the year	9,899,524	11,172,018

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

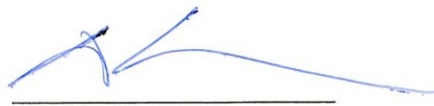
KESWICK FOUNDATION LIMITED

BALANCE SHEET
AS AT 31ST DECEMBER 2022

	Note	2022 HK\$	2021 HK\$
Fixed assets			
Investments	11	1,016,834,799	1,099,180,321
Current assets			
Debtors	12	661,122	1,380,160
Short-term cash deposits	13	60,797,837	-
Cash at bank and in hand		10,093,659	59,773,638
Total current assets		71,552,618	61,153,798
Current liabilities			
Accruals and other payables	14	(527,949)	(28,653)
Net current assets		71,024,669	61,125,145
Total assets less current liabilities		1,087,859,468	1,160,305,466
Net assets		1,087,859,468	1,160,305,466
Funds:			
Permanent endowment funds	15	15,370,847	15,370,847
Revaluation reserve	16	1,001,465,339	1,083,810,861
		1,016,836,186	1,099,181,708
Unrestricted funds:			
Called up share capital	17	1,102	1,102
Designated funds	18	28,298,523	20,876,051
Other charitable funds	18	42,723,657	40,246,605
		71,023,282	61,123,758
Total Funds	19	1,087,859,468	1,160,305,466

The financial statements on pages 10 to 19 were approved by the Board on 29th June 2023 and signed on its behalf by :


Angelina Woon Ki YUEN TSANG
DIRECTOR


Neil Michael MCNAMARA
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 2022

	2022 HK\$	2021 HK\$
Cash flows from operating activities :		
Net surplus	9,899,524	11,172,018
Net foreign exchange loss/(gain)	880,317	(386,752)
Investment income	(42,430,705)	(34,222,467)
Interest income	(854,857)	(129,291)
Decrease/(increase) in debtors	1,368,250	(810,636)
Increase/(decrease) in accruals and other payables	499,296	(73,330)
Net cash used in operating activities	<u>(30,638,175)</u>	<u>(24,450,458)</u>
Cash flows from investing activities		
Dividends received	42,430,705	34,222,467
Increase in short-term cash deposits	(60,797,837)	-
Interest received	205,645	137,996
Net cash (used in)/provided by investing activities	<u>(18,161,487)</u>	<u>34,360,463</u>
Change in cash and cash equivalents due to exchange rate movements	<u>(880,317)</u>	<u>386,752</u>
Change in cash and cash equivalents in the reporting period	<u>(49,679,979)</u>	<u>10,296,757</u>
Cash and cash equivalents at the beginning of the reporting period	<u>59,773,638</u>	<u>49,476,881</u>
Cash and cash equivalents at the end of the reporting period	<u><u>10,093,659</u></u>	<u><u>59,773,638</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.

(e) Cash and cash equivalents

Cash and cash equivalents include cash in hand, cash at bank and other short-term highly liquid investment with original maturities of three months or less and bank overdrafts.

KESWICK FOUNDATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

1 ACCOUNTING POLICIES (continued)

(f) 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.

(g) 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.

(h) 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.

(i) 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.

(j) Comparative figures

Certain comparative figures have been reclassified to conform with the current year presentation.

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

	2022	2021
	HK\$	HK\$
Dividend from Jardine Matheson Holdings Limited	42,430,705	34,222,467

4 CHARITABLE ACTIVITIES

	Note	2022	2021
		HK\$	HK\$
Grants paid	5	29,662,468	20,833,482
Support costs	6	3,081,639	2,947,966
		<u>32,744,107</u>	<u>23,781,448</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:-

Name of recipient (each recipient below received one grant except where detailed):	2022 HK\$	2021 HK\$
Caritas Hong Kong	364,470	485,957
Children's Heart Foundation	381,600	248,800
China Coast Community - Occupational Therapy Services	58,500	70,200
Christian Fellowship of Pastoral Care for Youth Ltd	166,667	-
Ebenezer New Hope School	-	699,640
Evangelical Lutheran Church of Hong Kong	1,658,307	-
Fullness Social Enterprises Society Ltd	1,377,000	656,000
Hong Chi Association	496,830	615,909
Hong Kong Lutheran Social Service, Lutheran Church	237,883	-
Hong Kong Social Workers Association	2,018,381	1,343,200
Just Feel Limited	899,534	143,733
Maggie's Cancer Caring Centre	1,000,000	880,600
Methodist HK	260,499	228,333
Mother's Choice	-	547,500
Mother's Choice - Project Bridge	697,697	189,050
PMA Music Foundation Ltd	157,985	144,872
RainLily	-	693,647
Run Hong Kong Ltd	-	250,000
Teen's Key - Young Women Development Network Limited	90,772	-
The Hong Kong Polytechnic University - SLLO	2,698,150	-
- DISI	495,200	-
The Society for Community Organisation	-	737,385
The University of Hong Kong - Centre on Behavioural Health	-	385,673
- CSRP	-	1,601,601
- DSWSA Pet Project	-	455,392
- Dept of Social Work	-	217,315
- Developing Team Work	-	109,606
- SWSA2	242,949	-
The Hong Kong Baptist University - SWSA2	242,949	-
Uplifters	166,808	166,807
Yang Memorial Methodist Social Service Mongkok Integrated Family Service Centre	-	1,240,258
Champion for Change Award I - Christian Family Service	-	50,000
- CNEC Lui Ming Choi Primary School	-	100,000
- The Hong Kong Council of Social Service	-	83,500
- HKCSS	50,000	-
Champion for Change Award II - HKSWA	1,677,350	-
Counselling Services Scheme - Evangel Children's Home	154,382	405,943
- Home Care for Girls	-	211,387
- Hong Kong Christian Services	219,147	414,359
- The Boys' & Girls' Clubs Association of HK	172,383	410,151
Covid-19 Project Fund (Round II)	136,246	1,810,761
Covid-19 Project Fund (Round III)	2,989,503	-
Recognition Award	90,000	90,000
<u>China Project</u>		
CASWE - 3 year Projects	169,495	394,989
CASWE - Covid Short-term Fund	1,254,220	-
China Social Work Project Fund III - Projects	2,451,072	1,162,224
- Monitoring Expenses	-	110,721
China Academy of Social Work	2,271,840	-
The Hong Kong Polytechnic University - RS	1,112,230	492,660
- APPS (DSW)	766,320	-
- APPS (New Generation of Social Work Teachers)	1,301,277	2,140,325
- APPS (Social Work Station - Training Series)	472,335	-
Shaanxi Jia Yuen Hui Social Work Service Centre	149,791	167,750
World Vision China Foundation Ltd - Happy Kids	289,667	357,527
World Vision China Foundation Ltd - Guarding the Futures	848,971	-
Yang Ai	257,107	465,096
Refund of unused amount from completed projects	(883,049)	(145,389)
	<u>29,662,468</u>	<u>20,833,482</u>

the Company has not awarded any grants to individuals during 2022 (2021: nil).

KESWICK FOUNDATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

6 SUPPORT COSTS

	Note	2022 HK\$	2021 HK\$
Staff costs	7	2,647,689	2,561,874
Printing and stationery		5,706	3,258
Website		1,857	2,876
Office equipment expensed		14,980	16,200
Travelling expenses		2,027	6,894
Audit fee		245,250	225,000
Sundry expenses		164,130	131,864
		<u>3,081,639</u>	<u>2,947,966</u>

All support costs have been allocated to charitable activities.

7 STAFF COSTS

	2022 HK\$	2021 HK\$
Wages and salaries	2,408,880	2,346,045
Other pension costs	238,809	215,829
	<u>2,647,689</u>	<u>2,561,874</u>

One employee's emolument (2021: nil) fell within the band GBP70,000 - GBP80,000 and one (2021:1) fell within the band GBP80,000 - GBP90,000.

The average number of full-time equivalent employees during the year was 4 (2021: 4).

Defined contribution pension plan of HK\$29,799 remains unpaid as at 31st December 2022 (2021: HK\$28,653).

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 (2021: nil).

9 REMUNERATION OF THE AUDITORS

The audit fee of HK\$245,250 (2021:HK\$225,000) is derived from the audit hours incurred and hourly charge out rate. As the auditors have waived the fee, an amount to offset the nominal charge has been treated as a donation service and credited to the income and expenditure account.

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 (2021: 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.

	2022 HK\$	2021 HK\$
Movements for the year:		
At 1st January	1,099,180,321	1,112,290,038
Net revaluation loss	(82,345,522)	(13,109,717)
At 31st December	<u>1,016,834,799</u>	<u>1,099,180,321</u>
Historical cost as at 31st December	<u>15,369,460</u>	<u>15,369,460</u>
Revaluation gains at 31st December	<u>1,001,465,339</u>	<u>1,083,810,861</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 DEBTORS

	2022 HK\$	2021 HK\$
Interest receivable	660,294	11,082
Cash advances	828	1,369,078
	<u>661,122</u>	<u>1,380,160</u>

Interest received arises from USD short-term deposits amounting to HK\$60,797,837 as at 31st December 2022 (2021: HK\$29,354,216) and the interest rate obtained in 2022 is 0.17% - 4.78% (2021: 0.03% - 0.48%)

Cash advances mainly represent prepaid grants. As of 31 December 2021, HK\$1,368,175 was prepaid to The Hong Kong Polytechnic University for the Capacity Building Scheme. The prepaid grant has been recognised as grants paid in 2022.

13 SHORT-TERM CASH DEPOSIT

	2022 HK\$	2021 HK\$
At 31st December	<u>60,797,837</u>	<u>-</u>

14 ACCRUALS AND OTHER PAYABLES

	2022 HK\$	2021 HK\$
Hong Kong Lutheran Social Service, Lutheran Church	237,883	-
Teen's Key - Young Women Development Network Limited	90,772	-
China Project - CASWE	169,495	-
Employer's contribution of MPF expenses	29,799	28,653
	<u>527,949</u>	<u>28,653</u>

15 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.

16 REVALUATION RESERVE

	2022 HK\$	2021 HK\$
At 1 January 2022	1,083,810,861	1,096,920,578
Net revaluation loss during the year	(82,345,522)	(13,109,717)
At 31st December 2022	<u>1,001,465,339</u>	<u>1,083,810,861</u>

17 CALLED UP SHARE CAPITAL

	2022 HK\$	2021 HK\$
Authorised, allotted and fully paid: 100 (2021: 100) ordinary shares of £1 each	<u>1,102</u>	<u>1,102</u>

KESWICK FOUNDATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

18 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.

	2022 HK\$	2021 HK\$
<u>Designated funds</u>		
At 1st January	20,876,051	15,952,366
Designations	37,084,940	25,757,167
Utilised during the year	(29,662,468)	(20,833,482)
At 31st December	<u>28,298,523</u>	<u>20,876,051</u>
	2022 HK\$	2021 HK\$
<u>Other charitable funds</u>		
At 1st January	40,246,605	33,998,272
Net incoming resources before revaluations and grants paid	39,561,992	32,005,500
Designations	(37,084,940)	(25,757,167)
At 31st December	<u>42,723,657</u>	<u>40,246,605</u>

19 ANALYSIS OF NET ASSETS BETWEEN FUNDS

	Unrestricted funds 2022 HK\$	Permanent endowment funds 2022 HK\$	Total funds 2022 HK\$
Investments	-	1,016,834,799	1,016,834,799
Current assets	71,551,231	1,387	71,552,618
Current liabilities	(527,949)	-	(527,949)
Net assets	<u>71,023,282</u>	<u>1,016,836,186</u>	<u>1,087,859,468</u>
	2021 HK\$	2021 HK\$	2021 HK\$
Investments	-	1,099,180,321	1,099,180,321
Current assets	61,152,411	1,387	61,153,798
Current liabilities	(28,653)	-	(28,653)
Net assets	<u>61,123,758</u>	<u>1,099,181,708</u>	<u>1,160,305,466</u>

20 COMMITMENTS

	2022 HK\$	2021 HK\$
Within one year	28,298,523	20,876,051
Between one and five years	20,738,950	22,506,189
	<u>49,037,473</u>	<u>43,382,240</u>

Of the commitments within one year at 31st December 2021, HK\$17,871,002 was paid during the year.

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

21 RELATED PARTY TRANSACTIONS

Certain of the Board of Directors are directors of JMH or affiliated with the directors of JMH. Dividend income of HK\$42,430,705 (2021:HK\$34,222,467) was received from the investment in JMH.