

SWIRE CHINESE LANGUAGE FOUNDATION
(a Company Limited by Guarantee)

REPORT AND FINANCIAL STATEMENTS

YEAR ENDED 31 JULY 2022

Company number: 10177824

Charity number: 1171995

SWIRE CHINESE LANGUAGE FOUNDATION

G E N E R A L I N F O R M A T I O N

Year ended 31 July 2022

Incorporated	12 May 2016
Charity number	1171995
Company number	10177824
Directors and Trustees	Professor Kristine Black-Hawkins (Independent) Professor Jane Duckett (Independent) John B Rae-Smith Samuel C Swire (Chairman) Dr Christian Toennesen (Independent) Edward Watson (Executive Director)
Objects	The advancement of education for the benefit of the public, particularly (but without limitation) by the provision of grants for the advancement of the education of school, college and university students in the Chinese language.
Auditor	Dixon Wilson Audit Services LLP 22 Chancery Lane London WC2A 1LS
Registered address and principal office	Swire House 59 Buckingham Gate London SW1E 6AJ email: info@swireclf.org www.swireclf.org
Bankers	HSBC Bank Plc 8 Canada Square London E14 5HQ
Solicitors	Farrer & Co 66 Lincoln's Inn Fields London WC2A 3LH

SWIRE CHINESE LANGUAGE FOUNDATION

R E P O R T O F T H E T R U S T E E S

Year ended 31 July 2022

The Trustees present their report and financial statements of the charity for the year ended 31 July 2022, which includes the directors' report as required by company law. The financial statements have been prepared in accordance with the accounting policies set out in note 1 of the financial statements and with the Companies Act 2006, the 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 (FRS102) (effective 1 January 2019) and the Charities Act 2011. The report should be read in conjunction with the general information provided on page 2.

Swire Chinese Language Foundation "the Foundation" is a private company limited by guarantee, exempted from the requirement to use the word 'limited' in its title, incorporated on 12 May 2016 and registered as a charity. The company is governed by its memorandum and articles of association. In the event of the company being wound up, members are required to contribute an amount not exceeding £1.

Structure, Governance and Management

The Foundation aims to broaden the reach and spread of teaching Mandarin Chinese in the United Kingdom.

It is overseen by a Board of Trustees, who are Directors for the purpose of the Companies Act 2006 and Trustees for the purpose of the Charities Act 2011. The Trustees are also Members of the Foundation and, as such, vote in general meetings. The Board, which is ultimately accountable for all the activities of the Foundation, is responsible for setting policy and direction, and overseeing its execution. The Executive Director is responsible for execution of that policy, running the business of the Foundation with the support of an assistant manager.

Trustees are appointed by John Swire & Sons Limited, the sole funder of the Foundation, for a renewable term of 5 years, with due regard being taken of the specific contribution they can make to the Board and to the Foundation, and of the recommendations of existing Trustees. There are currently six Trustees, three of which are independent of John Swire & Sons Limited. New Trustees are inducted by the Executive Director and given full access to Board papers and reports. They are also required to be conversant with the relevant guidelines for trustees and company directors, published by the Government, together with the Foundation's articles of association and its latest governance guidelines.

The Board meets at least three times annually with at least three Trustees, two of which must be independent, being present.

The Chairman of the Board liaises closely with the Foundation's sole benefactor, John Swire & Sons Limited, to ensure that it is kept fully apprised of the Foundation's financial health and activities.

The Trustees, having regard to the Public Benefit Guidance published by the Charity Commission in accordance with section 17 of the Charities Act 2011, consider that the purpose and activities of the charity satisfy the requirements of the public benefit test set out in section 4 of the same Act.

Risk management

The Foundation maintains a risk register, which is regularly updated and reviewed by the Board at least annually. This register identifies the main risks to which the Foundation is exposed, deriving primarily from its own activities, from the activities of the recipients of its grants and the environment in which they operate. Amongst others, these risks relate to governance, finance, administration, reputation, compliance, the political environment, social attitudes, demand for the subject, the supply of good teachers, the Foundation's processes in selecting recipients of its grants, force majeure, cyber security and the ultimate sustainability of the Swire Chinese Language Programme ("Programme").

SWIRE CHINESE LANGUAGE FOUNDATION

REPORT OF THE TRUSTEES (continued)

Year ended 31 July 2022

The Foundation updates its governance guidelines on a regular basis; it has strict controls in place regarding its finances, ensuring not only that it is funded to the extent of its commitments but also that grants are allocated within pre-agreed budgets and their use monitored termly; it seeks to maintain high standards of administration both internally and with regard to its relationships with beneficiaries; it monitors exposure to reputational risk deriving from its own activities and those of the organisations in receipt of its funds; its legal, financial and regulatory compliance is supported by its professional advisers and John Swire & Sons Limited; it monitors the political environment and social attitudes, particularly as they relate to education; it is currently supporting efforts to make the English exam regime for Chinese more inclusive; it encourages and supports the training of teachers, the quality of whom are essential to the successful fulfilment of its aims; and it has a thorough process for the selection of the recipients of its grants.

As a rule, the Foundation itself seeks out suitable such recipients, which are primarily schools. They are selected for the commitment and enthusiasm of the head and support from the governors; the capability of their management; suitable physical resources; the experience the schools have in outreach, working with local schools; the ability to reach secondary and primary pupils; the capability to make Mandarin Chinese a core-curriculum subject; their provision of in-house and external training schemes for teachers; and their willingness to offer placements for trainee teachers of Mandarin. Exceptionally it considers approaches initiated by schools that have not been approached.

Institutions in receipt of grants from the Foundation agree to a set of general terms and conditions that have been drawn up with the support of the Foundation's solicitors.

Grant-making policy

Grants are given to schools and universities for the purpose of teaching Mandarin Chinese, training teachers for this and providing support for the same. This is done through the centres set up for this purpose.

As a rule, beneficiary institutions have been sought out by the Foundation and asked to put forward proposals as to how they could establish a Chinese language centre or activity that supported the aims of the Foundation, providing a five-year budget. At least two Trustees, including the Executive Director, then, reviewed such proposals before provisional approval was given; undertook a face-to-face meeting with the head of the institutions; and approved any subsequent legal agreements between the institutions and Swire Chinese Language Foundation (SCLF).

The original and subsequent annual budgets of all institutions in receipts of grants are required to be agreed by at least three Trustees (including an independent one).

Objectives, activities for the public benefit and future plans

The object of the Charity is "the advancement of education for the benefit of the public particularly (but without limitation) by the provision of grants for the advancement of the education of school, college and university students in the Chinese language."¹

With this objective and having regard to the Charity Commission's guidance on public benefit, the Foundation has funded centres of excellence for teaching Mandarin Chinese, and training teachers of it, in a number of cities across the country.

Secondary schools, which have been chosen and are funded by the Foundation, establish and run these centres in a manner that they consider most appropriate for their local circumstances. Generally, these schools hire Mandarin teachers to teach in the host school and surrounding secondary schools. They also teach in the primary schools that feed into those secondary schools. In half of the centres both state and independent schools work in close collaboration to provide teaching of state-school pupils. Just one independent school derives any financial benefit from these arrangements.

¹ As set out in the articles of association.

SWIRE CHINESE LANGUAGE FOUNDATION

R E P O R T O F T H E T R U S T E E S (c o n t i n u e d)

Year ended 31 July 2022

The plans of the lead schools in the various centres are subject to the approval of at least three Trustees, taking consideration of, the number of pupils and schools likely to be reached; how the subject can be fully integrated into the schools' curricula and made self-sustaining without further external funding; how logistical and timetabling issues will be addressed; the potential for the project to raise the aspirations of, and open up opportunities for, pupils from deprived backgrounds; issues relating to teaching staff, including recruitment, training, pedagogy and standards; the potential for Chinese to be taught from an introductory level through to A level in a continuum; what methods will be used to assess pupils' progress; how technology will be used to support teaching; plans for teachers and pupils to visit China; and the proposed measures of success.

In collaboration with local centres, universities have also been helped to establish and run courses for trainee Mandarin teachers seeking a postgraduate certificate in education or equivalent qualification.

The first centres started at the beginning of the 2016/17 academic year and today there are centres in Birmingham, Edinburgh, Glasgow, Gosforth, Leeds, Liverpool, London, Manchester, Newcastle, Norwich, Oxford and Sheffield, with an affiliated university in Durham, involving three universities training teachers and 147 schools teaching some 22,000 pupils from the ages of four to eighteen. Many of these schools are located in areas of considerable deprivation.

The Foundation continues to encourage the development of the increasingly dynamic network of schools within the Programme; collaboration with local universities; the raising of teaching standards through action research within centres and collaboration between them; and the efforts of its centres to become self-sustaining. The Foundation is also pressing for a review of the regime under which GCSE and A level Chinese exams fall. In addition, it continues to develop its methodology for measuring the impact of its grants and the outputs and outcomes from the funded activities of the centres.

Financial Review

The Foundation is entirely funded by John Swire & Sons Limited, which contributed £2,544,306 (2021 - £1,195,701) to the Foundation during the financial period. The Foundation, in turn, made total commitments for £2,585,927 (2021 - £2,899,383) of grants payable and incurred expenses of £14,453 (2021 - £13,294) during the period. At the end of the period the reserves available for general purposes stood at £3,767,081 (2021 - £3,791,478). There are no restricted reserves. The Statement of Financial Activities is shown on page 10.

John Swire & Sons Limited has committed to fund the Foundation for ten years from 1 August 2016. At the start of the academic year the Foundation submits a request for funding for the amount of its own commitments to its centres and its expected expenses. These commitments are generally for three years and, at the end of each year, extended for a further year. The Foundation has a policy to ensure that it has reserves at any time to cover those commitments and John Swire & Sons Limited has committed to support this policy. The commitments not provided for as a liability in the period are detailed in note 8.

All centres are required to plan for self-sufficiency in their teaching of Mandarin and so are expected to no longer require funding at a certain point in the future, which point will vary from centre to centre. The centres therefore plan their budgets out to 2026 and the Foundation takes account of these in its own planning, which is based on a ten-year profile of grant making. The uncertainties involved in such planning are recognised and due account taken of them.

The Trustees approved the report above on 30 NOVEMBER 2022

SWIRE CHINESE LANGUAGE FOUNDATION**STATEMENT OF FINANCIAL ACTIVITIES
(including an income and expenditure account)****Year ended 31 July 2022**

	Note	2022 £	2021 £
Income and endowments from:			
Donations and legacies	3	2,544,306	1,195,701
Interest		<u>31,677</u>	<u>20,959</u>
Total income		<u>2,575,983</u>	<u>1,216,660</u>
Expenditure on:			
Raising funds		4,199	4,658
Charitable activities	4	<u>2,596,181</u>	<u>2,908,019</u>
Total resources expended		<u>2,600,380</u>	<u>2,912,677</u>
Net expenditure		<u>(24,397)</u>	<u>(1,696,017)</u>
Total unrestricted income funds at 31 July 2021			
		<u>3,791,478</u>	<u>5,487,495</u>
Total unrestricted income funds at 31 July 2022 (page 11)		<u>3,767,081</u>	<u>3,791,478</u>

All amounts were derived from continuing activities.

The Foundation has no recognised gains or losses other than those included above.

The notes and accounting policies on pages 13 to 16 form part of these accounts.

B A L A N C E S H E E T

At 31 July 2022

	Note	2022 £	2021 £
Current assets			
Debtors	5	20,002	1,595
Cash at bank and in hand		6,917,269	7,067,230
		<u>6,937,271</u>	<u>7,068,825</u>
Liabilities:			
Creditors: amounts falling due within one year	6	(3,170,190)	(3,277,347)
Net current assets		<u>3,767,081</u>	<u>3,791,478</u>
Net assets		<u>3,767,081</u>	<u>3,791,478</u>
Funds of the charity			
Unrestricted income funds (page 10)		<u>3,767,081</u>	<u>3,791,478</u>
Total charity funds		<u>3,767,081</u>	<u>3,791,478</u>

The Trustees approved the accounts on 30 NOVEMBER 2022.

SWIRE CHINESE LANGUAGE FOUNDATION**S T A T E M E N T O F C A S H F L O W S****Year ended 31 July 2022**

	2022	2021
	£	£
Net movement in funds	(24,397)	(1,696,017)
Deduct interest from investments	(31,677)	(20,959)
Increase in debtors	(18,407)	(1,595)
(Decrease) / increase in creditors	(107,157)	95,293
Net cash (used in) / provided by operating activities	<u>(181,638)</u>	<u>(1,623,278)</u>
Interest from investments	31,677	20,959
Net cash (used in) / provided by investing activities	<u>31,677</u>	<u>20,959</u>
Change in cash and cash equivalents	(149,961)	(1,602,319)
Cash and cash equivalents brought forward	<u>7,067,230</u>	<u>8,669,549</u>
Cash and cash equivalents carried forward	<u>6,917,269</u>	<u>7,067,230</u>

SWIRE CHINESE LANGUAGE FOUNDATION

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 July 2022

1. Accounting policies

The principal accounting policies adopted, and areas of judgement and key sources of estimation uncertainty in the preparation of the financial statements, are as follows:

(a) Basis of preparation and assessment of going concern

The financial statements have been prepared in accordance with 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) – (Charities SORP (FRS 102)), the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102), the Companies Act 2006 and the Charities Act 2011.

Swire Chinese Language Foundation meets the definition of a public benefit entity under FRS 102. Assets and liabilities are initially recognised at historical cost or transaction value unless otherwise stated in the relevant accounting policy note.

The Trustees consider that there are no material uncertainties about the Foundation's ability to continue as a going concern for the next 12 months and the foreseeable future based on the commitment from John Swire & Sons Limited to continue to fund the Foundation for the next four years.

(b) Fund accounting policy

Unrestricted funds are general funds that are available for use at the Trustees' discretion in furtherance of the objectives of the charity.

(c) Incoming resources

All income is recognised in the statement of financial activities when the Swire Chinese Language Foundation has:

- entitlement to the income;
- it is probable that the income will be received; and
- the amount of the income can be measured reliably.

Donations are recognised when the Foundation has been notified in writing of the amount of income that will be given.

(d) Expenditure recognition

Liabilities are recognised as soon as there is a legal or constructive obligation committing the Foundation to the expenditure, it is probable that settlement will be required and the amount of the obligation can be measured reliably.

Grants payable are payments made to third parties in the furtherance of the charitable objects of the Foundation. This is accrued once the recipient has been notified of the grant award and provided the termination clause has not been exercised.

(e) Irrecoverable VAT

Irrecoverable VAT is charged against the expenditure heading for which it was incurred.

(f) Cost of raising funds

The costs of raising funds consist of investment management fees.

(g) Creditors

Creditors are recognised where the charity has a present obligation resulting from a past event that will probably result in the transfer of funds to a third party and the amount due to settle the obligation can be measured or estimated reliably. Creditors are normally recognised at their settlement amount after allowing for any trade discounts due.

SWIRE CHINESE LANGUAGE FOUNDATION**NOTES TO THE FINANCIAL STATEMENTS****Year ended 31 July 2022**

1. Accounting policies (continued)**(h) Financial instruments**

The Foundation only has financial assets and financial liabilities of a kind that qualify as basic financial instruments. Basic financial instruments are initially recognised at transaction value and subsequently measured at their settlement value.

2. Legal status and staff numbers

The Foundation is a company limited by guarantee, incorporated in England and Wales, and has no share capital. The Foundation's registered address is Swire House, 59 Buckingham Gate, London, SW1E 6AJ.

The average number of persons employed by the company during the year was 0 (2021 - 0).

3. Income from donations and legacies

	2022	2021
	£	£
Donations and legacies		
Donations from John Swire & Sons Limited	2,544,306	1,195,701

Donations and legacies in both years relate to unrestricted income.

4. Analysis of charitable expenditure

The charity does not undertake any activity directly but meets its charitable purposes by making donations and grants.

	2022	2021
	£	£
Total donations	2,585,927	2,899,383
<i>Governance costs allocated to charitable activities:</i>		
Accountancy fees – accounts	565	565
Accountancy fees – audit	5,663	5,221
Other professional fees	793	48
Website costs	180	1,530
Travel costs	2,701	-
Bank charges	20	20
Sundry expenses	-	1,252
Entertaining	332	-
Total governance costs	10,254	8,636
Total resources expended	2,596,181	2,908,019

SWIRE CHINESE LANGUAGE FOUNDATION

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 July 2022

5. Debtors	2022	2021
	£	£
Accrued income	20,002	1,595
	<u>20,002</u>	<u>1,595</u>

6. Creditors	2022	2021
	£	£
Amounts falling due within one year		
Grants payable	3,160,918	3,270,644
Other creditors	9,272	6,703
	<u>3,170,190</u>	<u>3,277,347</u>

7. Contingent liability

At the Balance Sheet date, the Foundation had recognised nine months of grants payable subject to a termination clause. The additional grants payable, contingent on the termination clause not being exercised in the next three academic years, total £5,741,953 (2021 - £6,176,758).
