

SCOTLAND CHINA EDUCATION NETWORK  
ANNUAL REPORT AND FINANCIAL STATEMENTS

For the year ended 31 December 2017

**SCOTLAND CHINA EDUCATION NETWORK**

**TRUSTEES' ANNUAL REPORT FOR THE YEAR ENDED 31 DECEMBER 2017**

Scottish Charitable Incorporated Organisation SC046171

Principal Office: 61 Dublin Street, Edinburgh, EH3 6NL

Website: <http://www.scen.info>

**Trustees**

J McClure CBE (Resigned 30 June 2018)  
S Macaulay - Chair  
J Chittleburgh - Treasurer  
M Anderson  
J Simpson (Appointed 24 September 2018)

**Bankers**

Royal Bank of Scotland  
West End Office  
142-144 Princes Street  
Edinburgh  
EH24EQ

**Independent examiner**

Emma Marshall CA  
Geoghegans  
6 St Colme Street  
Edinburgh  
EH36AD

**Accountants**

Chiene + Tait LLP  
61 Dublin Street  
Edinburgh  
EH3 6NL

# SCOTLAND CHINA EDUCATION NETWORK

## TRUSTEES' ANNUAL REPORT

### For the year ended 31 December 2017

The trustees present their annual report and financial statements of the charity for the year from to 31 December 2017. The financial statements have been prepared in accordance with the accounting policies set out in note 1 to the accounts and comply with the charity's trust deed, the Charities and Trustee Investment (Scotland) Act 2005, the Charities Accounts (Scotland) Regulations 2006 (as amended) and 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 published on 16 July 2014.

#### **Objectives and Activities**

The Charity was established on 3 December 2015.

The purpose of the Scotland China Education Network is the advancement of education through the promotion of the teaching and learning of Chinese and about China in Scotland. In particular, SCEN aims:

to promote educational links between Scotland and China by bringing together those involved in SCEN events and projects, to support each other and to share good practice, in partnership with local, national and international bodies.

to support the work of the Scottish Governments International Division and Learning Directorate, the Cross Party Group on China at the Scottish Parliament and all national and local educational bodies in their plans to develop the learning of Chinese language, culture, history and society in Scotland.

#### **A review of our achievements and performance**

In February 2018 SCEN published a major independent review of its activities - "Review of SCEN: Ten Years on and the Future", commissioned from Archie McGlynn, former HM Chief Inspector of Education (Scotland) and current director of the Hong Kong Schools Improvement Partnership (HKSSIP). The Review contains a number of recommendations which will form a substantial part of the work of SCEN over the next year.

In February 2018 the Founder and Chair of SCEN since its inception, Dr Judith McClure indicated her intention to retire as Chair in the summer of 2018. Trustees agreed, as successors, to appoint Simon Macaulay as Chair and Morag Anderson as Vice Chair.

SCEN, as all charitable bodies, was charged with complying with the new GDPR procedures. This meant a major operation in contacting all existing Members of SCEN. The result has been a much more accurate database of members, with a large number of subscribers retained in membership.

In the course of the year SCEN has sought to enhance the voice of young people in its work, especially through the work of the Youth Committee and Youth Summit and is working on proposals to take this forward over the next period.

## SCOTLAND CHINA EDUCATION NETWORK

### TRUSTEES' ANNUAL REPORT (continued)

#### For the year ended 31 December 2017

##### **Financial review**

In the year to 31 December 2017 donations of £44,674 (2016: £72,750) were received. In addition, £nil (2016: £2,588) was transferred from Scotland China Education Network, an unincorporated organisation upon receiving charitable status. The net income of the Charity was £5,641 (2016: £26,089). The net assets at 31 December 2017 are £31,730 (2016: £26,089)

##### **Risk management**

Trustees undertook a comprehensive survey of the major risks to which the charity is exposed. They agreed a Key Risk Register, identifying potential risks in the following areas:

- ▶ Governance, Leadership and Management
- ▶ Operational Risks
- ▶ Financial Risks
- ▶ External Factors
- ▶ Compliance Risk (Law and Regulation)

In each case the potential impact was examined, and the steps taken to mitigate each risk identified and followed.

##### **Reserves policy**

The **Unrestricted reserves** showed a surplus of £31,730 (2016: £26,089) at the year end. They represent the unrestricted reserves arising from operating results.

##### **Plans for the future**

Work in implementation of the recommendations in "The review of SCEN; Ten years on and the future (February 2018)"

1. Identify new sources of funding support
2. Review the Committee structure of SCEN
3. Develop the potential for student voice within SCEN - especially through Youth Conferences and at the Youth Committee
4. Organise events and networking throughout Scotland, including those areas where Chinese is not currently being taught
5. Develop working with SCEN partners, while emphasising the independence of SCEN
6. Increase the numbers of Trustees in line with the Review, to include a Mandarin speaker

##### **Structure, government and management**

SCEN was founded in January 2006 as an informal network. SCEN's application for Incorporation as a Scottish Charitable Incorporated Organisation (SCIO) in 2015 was successful. The Office of the Scottish Charity Regulator (OSCR) was satisfied that SCEN meets the charity test and the legal requirements for being a SCIO, and entered it in the Scottish Charity Register on 3 December 2015. SCEN is now an incorporated body having charitable status under the Charities and Trustee Investment (Scotland) Act 2005.

Trustees of SCEN are appointed by election at the Annual General Meeting; the last election took place in September 2017. The four Trustees of SCEN have been chosen to provide a matrix of relevant skills, experience and association with the aims of SCEN with backgrounds in education, finance and business and experience of leadership and membership of charitable boards. New Trustees, when required, will be selected from those with the same matrix and background. They will be familiar through experience and demonstrated commitment to the work and activities of SCEN and will receive all appropriate documentation from OSCR and SCEN, as well as taking part in personal discussions with the Chair and fellow Trustees.

## SCOTLAND CHINA EDUCATION NETWORK

### TRUSTEES' ANNUAL REPORT (CONTINUED)

#### For the year ended 31 December 2017

#### **Structure, government and management (continued)**

The Trustees of SCEN follow the guidance of OSCR and its advice and document are brought to their attention at meetings. They have taken account of the Scottish Charity Regulator's *Targeted Regulation*, which came into effect on 29 March 2016.

SCEN Trustees meet three times a year

#### **Key management personnel remuneration**

The key management personnel are the Trustees. They received no remuneration during the period.

#### **Related party transactions**

There were no related party transactions during the year.

#### **Reference and administrative information**

The reference and administrative details, including the names of the Trustees who held office during the year are set out on page 1.

#### **Trustees' responsibilities in relation to the financial statements**

The charity trustees are responsible for preparing a trustees' annual report and financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

The law applicable to charities in Scotland requires the charity trustees to prepare financial statements for each year which give a true and fair view of the state of affairs of the charity and of the incoming resources and application of resources, of the charity for that period. In preparing the financial statements, the trustees are required to:

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles in the applicable Charities SORP;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charity will continue in business.

The trustees are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the charity and to enable them to ensure that the financial statements comply with the Charities and Trustee Investment (Scotland) Act 2005, the Charity Accounts (Scotland) Regulations 2006 (as amended), and the provisions of the Trust deed. They are also responsible for safeguarding the assets of the charity and taking reasonable steps for the prevention and detection of fraud and other irregularities.

The trustees are responsible for the maintenance and integrity of the charity and financial information included on the charity's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Approved by the trustees on 24 September 2018 and signed on their behalf by:

**INDEPENDENT EXAMINER'S REPORT TO THE TRUSTEES OF  
SCOTLAND CHINA EDUCATION NETWORK**

I report on the financial statements of Scottish China Education Network for the year to 31 December 2017 which comprise the Statement of Financial Activities, the Balance Sheet and the related notes.

**Respective responsibilities of Trustees and independent examiner**

The charity's Trustees are responsible for the preparation of the financial statements in accordance with the terms of the Charities and Trustee Investment (Scotland) Act 2005 (the Act) and the Charities Accounts (Scotland) Regulations 2006 (as amended) (the Regulations). The charity Trustees consider that the audit requirement of Regulation 10(1) (a) to (c) of the Regulations does not apply. It is my responsibility to examine the financial statements as required under section 44(1)(c) of the Act and to state whether particular matters have come to my attention.

**Basis of examiner's statement**

My examination is carried out in accordance with Regulation 11 of the Regulations. An examination includes a review of the accounting records kept by the charity and a comparison of the financial statements presented with those records. It also includes consideration of any unusual items or disclosures in the financial statements and seeks explanations from the Trustees concerning any such matters. The procedures undertaken do not provide all the evidence that would be required in an audit, and consequently I do not express an audit opinion on the view given by the financial statements.

**Independent examiner's statement**

In the course of my examination, no matter has come to my attention:

1. which gives me reasonable cause to believe that in any material respect the requirements:
  - to keep accounting records in accordance with Section 44(1)(a) of the Act and Regulation 4 of the Regulations, and
  - to prepare financial statements which accord with the accounting records and comply with Regulation 8 of the Regulations ;have not been met; or
2. to which, in my opinion, attention should be drawn in order to enable a proper understanding of

the financial statements to be reached

**Emma Marshall, CA**  
**Geoghegans**  
**Chartered Accountants and Independent Examiner**  
**6 St Colme Street**  
**Edinburgh**  
**EH36AD**

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SCOTLAND CHINA EDUCATION NETWORK

STATEMENT OF FINANCIAL ACTIVITIES (including Income and Expenditure Account)

For the year ended 31 December 2017

	Notes	Year to 31 December 2017 Unrestricted £	Period to 31 December 2016 Unrestricted £
<b>Income and endowments from:</b>			
Donations and legacies	2	44,674	72,750
Other income	3		2,588
<b>Total income</b>		44,674	75,338
<b>Expenditure on:</b>			
<i>Charitable activities</i>			
Education	5	39,033	49,249
<b>Total expenditure</b>		39,033	49,249
<b>Net income and net movement in funds</b>		5,641	26,089
<b>Reconciliation of funds:</b>			
Total funds brought forward		26,089	
<b>Total funds carried forward</b>	9	31,730	26,089

All the results relate to continuing activities.

The notes on pages 8 to 10 form part of these financial statements.

# SCOTLAND CHINA EDUCATION NETWORK

## BALANCE SHEET

As at 31 December 2017

	Note	2017 £	2016 £
<b>Current assets</b>	7		
Debtors		6,735	12,242
Cash at bank and in hand		31,845	15,946
		38,580	28,188
<b>Current liabilities</b>			
Creditors falling due within one year	8	6,850	2,099
<b>Net current assets</b>		31,730	26,089
<b>Net assets</b>		31,730	26,089
		-----	-----
<b>The funds of the charity:</b>			
Unrestricted funds:			
General Fund	9	31,730	26,089
<b>Total charity funds</b>		31,730	26,089
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Approved by Trustees and signed on their behalf by:

24 September 2018

The notes on pages 8 to 10 form part of these financial statements.

# SCOTLAND CHINA EDUCATION NETWORK

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2017

### 1. Accounting policies

#### Basis of preparation

The financial statements have been prepared under the historical cost convention with items recognised at cost or transaction value unless otherwise stated in the relevant notes to these financial statements. The financial statements have been prepared in accordance with the Statement of Recommended Practice: Accounting and Reporting by Charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) issued on 16 July 2014 (as updated through Update Bulletin1 published on 2 February 2016), the Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland (FRS 102), the Charities and Trustee Investment (Scotland) Act 2005 and the Charities Accounts (Scotland) Regulations 2006 (as amended).

The charity constitutes a public benefit entity as defined by FRS 102.

#### Going concern

The financial statements have been prepared on a going concern basis. The Trustees have assessed the charity's ability to continue as a going concern and have reasonable expectation that the charity has adequate resources to continue in operational existence for the foreseeable future. Thus they continue to adopt the going concern basis of accounting in preparing these financial statements.

#### Funds

Unrestricted income funds comprise those funds which the trustees are free to use for any purpose in furtherance of the charitable objects.

#### Income recognition

All income is recognised once the charity has entitlement to the income, there is sufficient certainty of receipt and so it is probable that the income will be received, and the amount of income receivable can be measured reliably.

Donations are recognised when the Trustees are satisfied there is entitlement to the income, it is probable that it will be received and the amount can be measured reliably.

#### Expenditure recognition

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

All expenditure is accounted for on an accruals basis. Charitable expenditure comprises both the direct costs of educational events and those costs of an indirect nature necessary to support them. Support costs comprise governance costs and other support costs. Governance costs include those costs associated with meeting statutory requirements and therefore include the cost of independent examination. Other support costs relate to the administrative costs of running the charity.

#### Irrecoverable VAT

The charity is not registered for VAT and accordingly expenditure is shown gross of irrecoverable VAT.

#### Debtors

Trade and other debtors are recognised at the settlement amount due. Prepayments are valued at the amount prepaid net of any discounts due.

#### Cash at bank and in hand

Cash at bank and cash in hand includes cash and short term highly liquid investments with a short maturity of three months or less from the date of acquisition or opening of the deposit or similar account.

## NOTES TO THE FINANCIAL STATEMENTS (Continued)

For the year ended 31 December 2017**1. Accounting policies (Continued)****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.

**Financial instruments**

The charity 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. Donations and legacies**

	<b>Unrestricted</b>	<b>Unrestricted</b>
	<b>2017</b>	<b>2016</b>
	£	£
Donations	38,335	61,500
Gift aid	6,339	11,250
	44,674	72,750
	-----	=====

	<b>Unrestricted</b>	<b>Unrestricted</b>
	<b>2017</b>	<b>2016</b>
	£	£
<b>3. Other income</b>		
Transfer from Scotland China Education Network (unincorporated organisation)	-	2,588
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**4. Information regarding employees and members**

No remuneration was paid to the Trustees, and no staff members were employed during the current or prior periods. No employees therefore received salaries greater than £60,000.

The Trustees were reimbursed £nil (2016: £211) for expenses during the period.

	<b>Unrestricted</b>	<b>Unrestricted</b>
	<b>2017</b>	<b>2016</b>
	£	£
<b>5. Charitable activities</b>		
Donations paid	500	
Events	25,255	38,646
Research projects		2,523
Support and governance costs (note 6)	13,278	8,080
	39,033	49,249
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**SCOTLAND CHINA EDUCATION NETWORK**

**NOTES TO THE FINANCIAL STATEMENTS (Continued)**

**For the year ended 31 December 2017**

	<b>Unrestricted Unrestricted</b>	
<b>6. Support and governance costs</b>	<b>2017</b>	<b>2016</b>
	£	£
Website	5,838	5,671
Accountancy fees	900	1,350
Independent examiner's fee	600	600
Consultancy fees	5,500	
Bank charges	115	123
Postage	324	
Travel and meeting expenses	-	241
Subscriptions	-	95
	-----	-----
	<b>13,278</b>	<b>8,080</b>
	-----	-----

	<b>Unrestricted Unrestricted</b>	
<b>7. Analysis of current assets</b>	<b>2017</b>	<b>2016</b>
	£	£
Gift aid receivable	6,250	11,250
Prepayments	485	992
Cash at bank	31,845	15,946
	-----	-----
	<b>38,580</b>	<b>28,188</b>
	=====	=====

	<b>Unrestricted Unrestricted</b>	
<b>8. Analysis of current liabilities</b>	<b>2017</b>	<b>2016</b>
	£	£
Accruals and other creditors	6,850	2,099
	-----	=====

<b>9. Movement of funds</b>	<b>Balance at 1 January 2017 £</b>	<b>Income £</b>	<b>Ex- penditure £</b>	<b>Balance at 31 December 2017 £</b>
<b>Unrestricted funds</b>				
General Fund	26,089	44,674	(39,033)	31,730
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The General Fund represents funds which the Trustees are free to use in accordance with the charity's constitution, aims and objectives.

**10. Related party transactions**

During the year, the charity received donations from trustees amounting to £350 (2016: £nil). The charity also incurred accounting fees of £900 (2016: £1,350) payable to Chiene + Tait LLP, a firm in which Jeremy Chittleburgh is a member.