

Charity registration number: 1149502

Company Registration number: 07832735

China Next Foundation

(A company limited by guarantee and a registered charity)

Trustee Report and Consolidated Financial Statements for the Year Ended
(Preliminary Report)
31 March 2020

Reference and Administrative Details

Charity name	China Next Foundation
Charity registration number	1149502
Company registration number	07832735
Charity Name (China)	上海明日公益事业发展中心
Registration number (China)	52310000MI492519XW
Registered office (London)	Kemp House 152 City Road, London EC1V 2NX
Registered office (Shanghai)	Level 4, 241 South Wuning Road, Jing'an District, Shanghai, PRC 200040
Trustees	(UK) LIAO, Leo Liyuan (China) XU, Benliang (China) Zhang, Heqing (Canada) LI, Sean

TRUSTEES REPORT

The Trustees (For the Charities Act 2011) present their report and Consolidated Financial Statements for the year ended 31 March 2020.

Trustees

The following Trustees served during the year:

Mr LIAO, Leo Liyuan

Mr XU, Benliang

Mr ZHANG, Heqing (Appointed 8 March 2019)

Mr LI, Sean (Appointed 20 October 2019)

The Board of Trustees consists of up to 10 members in the UK and 5 members in China but vacancies are permissible. Power to appoint new or additional Trustees is vested in the existing Board. The Trustees have no term limits but must stand for re-election at the end of the financial year or mandatorily resign.

Supervising Trustee

The PRC law specified that the Foundation to have a separate Supervising Trustee to witness and ensure that the Board of Trustees works legally. The following Supervising Trustee served during the year:

Mr ZHOU, Chaoming (Appointed 8 March 2019)

Charity Status

The Foundation is registered with the Charity Commission of England and Wales (No. 1149502) and is a company limited by guarantee registered in England (No. 07832735).

The Foundation's China programme was run by our affiliated charitable institution, Shanghai ChinaNext Foundation (CNF Shanghai, 上海明日公益事业发展中心). CNF Shanghai is registered at Shanghai Civil Affairs Bureau (上海市民政局) since February 2016 as a Private Non-Company Institute (民办非企业单位, No. 52310000MJ492519XW), the legal form most charities are registered as under China's applicable laws. All CNF Shanghai's trustees were also Trustees of this Foundation, and it carries an identical mission as those of the Foundation. The trustee board has exercised the same level of controls over the Foundation and CNF Shanghai.

The financial results of CNF Shanghai are thus consolidated and presented as the results of our China operations in this report.

Constitution, objects, and policies

The Foundation is constituted by the Founders' Resolution and its objects are to promote for the public benefit the efficiency and effectiveness of charities and not-for-profit institutions in China to relieve poverty, financial hardship, or other social or economic disadvantages.

In furtherance of this, the Foundation will foster the development of modern citizenship awareness among the next generation Chinese people, by training and education, and by empowering and enabling young people to participate in community services and voluntary work.

To achieve our stated objectives and missions in China, we started the first phase of operation by sponsoring selected young charity leaders (NextFellow) in China that we assessed to be promising. That sponsoring programme was our principal activity in China from the founding of the Charity to 2017.

Following an internal review in early 2017, however, we decided that financial sponsorship to NextFellow alone is not as effective as we thought. Instead, a much more hands-on role of management is needed if we are to see those leaders become more effective. The Board of trustees thus decided to close the NextFellow programme and launch a new programme not to provide financial sponsorship, but managerial help and supervision to a smaller audience of more carefully chose charity leaders. The NextLeader programme was born.

NextLeader programme aims at providing essential management and supervision services to the charity leaders of our choice, and crucially, the charity programmes they run. In effect and legal terms, the NextLeaders of our choice would agree to join CNF Shanghai together with their projects, and we would establish an employment relationship with them and let them run their charity projects as CNF departments. We believe this is the only effective way to maintain international standards in terms of accountability and transparency being applied to the charities of our choice.

As of 31st March 2020, we have grown our NextLeaders programme to include nine young NGO leaders to sign up for our services, and as a result, we are in effect managing nine charitable projects. Their operational results are consolidated to the CNF accounts but and also separately reported in this financial report.

The Trustees are responsible for the day to day administration of the Foundation.

In planning the activities for the year the Trustees kept in mind the Charity Commission guidance on public benefit at the Board meetings.

Development, activities, and achievements

Institutional Development

On 10th April 2014, the Foundation entered an exclusive cooperation agreement (The Agreement) with China Youth Development Foundation (CYDF, 中国青少年发展基金会), a Public Charitable Foundation (公募基金会) in China to form the “NextFellow Fund” under the joint management of the Foundation and CYDF. The Fund allowed us to operate as a CYDF Fund in China, and for all goals and purposes as if we were a CYDF project and, based on the merit of it, a public charitable foundation. While fundraising and management of the funds were audited and supervised by CYDF, we could exercise majority control over the usage of the funds. The Agreement had a term of three years from the date of signing and expired in April 2017.

On 9th June 2015, the Trustees of the Foundation resolved to register Shanghai ChinaNext Foundation (CNF Shanghai, 上海明日公益事业发展中心) as an independent institution to carry out the Foundation’s work in China to run in parallel with *NextFellow Fund*. The new institution would be overseen by the identical board of Trustees of the Foundation. On 22nd February 2016, the Shanghai Civil Affairs Bureau approved the new institution. CNF Shanghai was run throughout the financial year as our main vehicle for operating in China.

Our board of trustees and supervising trustee stayed unchanged during this financial year. The Foundation’s full-time team included six members, excluding the eight NextLeaders we have signed up for. They are supported by volunteers and non-paid interns pool of over fifty. The Board now contains primarily Chinese professionals with many years of experience in China’s NGO development.

Operational review

The core activities of the Foundation are selecting, supporting, and promoting “effective modern NGO leaders” of China. We continue to believe that this is the best strategy to achieve our stated mission, but we have been monitoring and reviewing the practical elements constantly. The mission was not changed during the year.

We constantly review if we have the right strategies to achieve this goal. In our strategic view carried out in FY2017, the board identified four areas that require maintenance to a high standard. We confirm that these strategic focuses remain in space not altered.

Following the enactment of the Next Leader Constitution in October 2018, we continue to establish institutions and internal checks and balances that enable the NextLeaders to govern themselves. Financial Management, Internal Auditing, Marketing, and Central Admin were separated from the operations of the Next Leaders and put under centralized control under the Trustee Board and staffed them with professionals.

The continued improvement in internal governance won us the decoration as an AAA Charity in China in this financial year.

NextLeaders and their projects who are active at the time of the financial year:

Time of signing up	Project Name	Next Leader	Agenda	Status
January 2017	Wakey Wakey	Xiupei LI	Narcolepsy support	Temporarily paused
July 2017	Youth Spotlight	Emily YUE	Education for Left-behind children	Normal, the Silver Award of Best Charity project 2017
September 2017	Voice Changer	Xintong DU	Voice correction	Normal, the Gold award of Best Charity project 2018
January 2018	Better Blue	Miao WANG	Oceanic environment protection	The leader was selected as UN Young Champions of Earth
July 2018	Be Happy	Krystal YU	Gender equality and family support	New project, SAP's annual social innovation gold reward
December 2018	Character Lab	Boya Yang	Character building for teenagers	New project
July 2019	Nature Epic	Chuanhui ZHU	Environment Protection	New project. The leader was selected as UN Young Champions of Earth

NextLeaders who left during the financial year

Time of signing up	Project Name	Next Leader	Agenda	Status
January 2019	Future Fantasia	Sean Li	Art education for disadvantaged children	New project

NextLeaders who joined us after the Financial year

Time of signing up	Project Name	Next Leader	Agenda	Status
June 2020	Remember Me	Sandy LI	Dementia support	Approved and active
August 2020	President X	Xi LIU	Youth Education	Approved and active

On the institutional level, we also maintained compliance with the law and with the government. There was no report of disciplinary action by either the Charity Commission of England or authorities in China.

Funding and Responsibilities

The Foundation received most of her donation from China and a small group of visionary donors from outside the country. At the end of the financial year, the HQs employed three full-time staff.

In addition to HQ staff, the Nextleaders each lead a dedicated team to carry out the project their started and is accountable both to the Board of the Foundation and to the public. These teams are managed as “business areas” and team members as employees/volunteers of the Foundation. We manage the finances of all projects led by NextLeaders and provide all support for the leaders to run transparently.

The headquarters of CNF is responsible for these areas: financial management of all projects, personnel management of all projects, joint marketing, and regulatory/institutional compliance.

Every NextLeader is responsible for everything else in their charitable projects, including but not limited to fundraising, awareness campaigns, reporting, carrying out activities, and team management.

Looking forward, a key direction of the Foundation’s development is to present the NextLeaders to the wider society and the international community, hence manifesting the NGO work in China, and the young leaders behind them. The Trustees are set to serve as bridges between the NGOs and the public, the Chinese NGOs and the international community, and between effective modern NGO leaders themselves.

Investment Powers

The Articles of Association authorizes the Trustees to make and hold investments using the general funds of the Foundation. The Foundation did not hold investments during the Financial Year.

Financial review

Details of the application of the Foundation’s funds are shown in the Statement of Financial Activities.

The Foundation’s assets are held to apply the Foundation Fund and Income thereof for the purposes as specified in the Founders’ Resolution dated 1 July 2012 and the Board of Trustees consider that the financial position of the foundation at 31 March 2018 to be satisfactory.

Reserves Policy

It is the policy of the Foundation to retain adequate liquid resources to meet at least 6 months' running costs.

Risk Review

The Trustees have examined the major strategic and operational risks which the Foundation faces. These are kept under review at regular Board meetings at which appropriate reports are presented to keep such risks to the minimum.

Statement of Trustees’ responsibilities

The Trustees are required under the Charities Act 2011 to prepare Financial Statements for each financial year which give a true and fair view of the Foundation's financial activities during the year and of its financial position at the end of the year. In preparing Financial Statements giving a true and fair view, the Trustees should follow the best practice and:

- Prepare the Financial Statements on a going concern basis unless it is inappropriate to presume that the Foundation will continue in operation.
- The Trustees are responsible for keeping accounting records which disclose with reasonable accuracy at any time the financial position of the Foundation and which enable them to ensure that the Financial Statements comply with applicable law and regulations. They are also responsible for safeguarding the assets of the Foundation and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Small company provisions

This report has been prepared in accordance with the small companies' regime under the Companies Act 2006.

STATEMENT OF FINANCIAL ACTIVITIES FOR THE YEAR ENDED 31 March 2019

Profit & Loss Account

	Note	Year ending 31 March 2020			Year ending 31 March 2019		
		China ¥	UK £	Total £	China ¥	UK £	Total £
Incoming Resources		1,711,772	16,651	215,393	2,071,886	6,233	248,361
Unrestricted Income Funds		432,420	16,650	65,884	885,040	6,233	109,662
Restricted Income Funds		1,279,351	-	149,509	1,186,846	-	138,699
Wakey-Wakey (明日醒醒)	7	-	-	-	36,350	-	4,248
Youth Spotlight	8	32,499	-	3,700	266,520	-	31,146
Voice Changer (倾音)	9	70,105	-	7,982	293,168	-	34,261
Better Blue (无境深蓝)	10	1,141,963	-	130,018	590,809	-	69,044
Character Lab (品格实验室)	11	10,000	-	1,139	-	-	-
HQ Department 总部事业部	12	24,784	-	2,822	-	-	-
Expenditure on Charitable Activities		1,859,622	-	214,346	1,582,987	-	184,993
Non-restricted Expenditure		692,490	-	78,843	592,010	-	69,184
Wakey-Wakey (明日醒醒)	7	10,422	-	1,187	174,734	-	20,420
Youth Spotlight	8	22,039	-	2,509	55,601	-	6,498
Voice Changer (倾音)	9	16,999	-	1,935	64,048	-	7,485
Better Blue (无境深蓝)	10	180,030	-	20,497	247,642	-	28,940
Future Fantasia 明日乐光	11	11,909	-	1,356	2,843	-	332
HQ Department 总部事业部	12	451,091	-	51,359	47,143	-	5,509
Restricted Expenditure		1,167,132	-	135,503	990,977	-	115,809
Wakey-Wakey (明日醒醒)	7	1,400	-	159	158,553	-	18,529
Youth Spotlight	8	101,566	-	11,564	55,625	-	6,501
Voice Changer (倾音)	9	46,812	-	5,330	291,850	-	34,107
Better Blue (无境深蓝)	10	870,465	-	101,726	484,948	-	56,673
HQ Department 总部事业部	12	28,240	-	3,215	-	-	-
NextLeader Competition	12	-	-	-	118,648.32	-	13,509
Resources for Charity		(147,851)	16,651	1,047	488,899	6,233	63,367
Total SG&A	6	426,319	13,531	62,069	949,341	13,335	124,278
Surplus (Deficit) of Main Activities		(578,686)	3,120	(61,550)	(466,087)	(7,102)	(61,570)
Depreciation	14	4,517	-	528	5,646	-	660
Finance income/(expense)		1,699	-	193	3,810	-	445
Pre-tax Surplus (Deficit)		(578,686)	3,120	(61,550)	(466,087)	(7,102)	(61,570)
Taxes	17	44,485	-	5,199	89,396	-	10,447
Net Surplus (Deficit)		(623,171)	3,120	(66,749)	(555,484)	(7,102)	(72,017)

Balance Sheet

Balance Sheet	Note	Year ending 31 March 2020			Year ending 31 March 2019		
		China ¥	UK £	Total £	China ¥	UK £	Total £
Cash & Equivalents	13	62,155	1,785	9,048	69,132	3,665	11,744
Account Receivable		-	7,000	7000	9,978	2,000	3,166
Current assets		62,155	8,785	16,018	79,110	5,665	14,910
Fixed asset inc. Properties	14	18,067		2,111	22,583		2,639
Non-current assets		18,067		2,111	22,583		2,639
Total assets		80,221	8,785	18,130	101,693	5,665	17,549
Net Borrowing	15	600,000		68,313	-	-	-
Total liabilities		600,000		68,313			
Net Asset Value		(519,779)	8,785	(50,183)	101,693	5,665	17,549
Total Cash & Investment		52,177	1,785	7,882	69,132	3,665	11,744

Cash Flow Statement

	Year ending 31 March 2020			Year ending 31 March 2019		
	China ¥	UK £	Total £	China ¥	UK £	Total £
Net income	(621,472)	3,120	(66,555)	(551,674)	(7,102)	(71,572)
DD&A add-back	4,517		528	5,646		660
Change in Working Capital	9,978	(5,000)	(3,864)	(58)	(2,000)	(2,007)
<i>Change in Accounts Receivable</i>	<i>9,978</i>	<i>(5,000)</i>	<i>(3,864)</i>		<i>(2,000)</i>	<i>(2,000)</i>
Cash flow from operations	(606,977)	(1,880)	(69,891)	(546,086)	(9,102)	(72,919)
Cash flow from investing						
Net Borrowing	600,000		68,313			
Cash flow from financing	600,000		68,313			
Total change in cash	(6,977)	(1,880)	(1,578)	(546,086)	(9,102)	(72,919)

Notes to the financial statements

The notes on pages 11 to 17 form an integral part of these financial statements.

For the Financial Year ended 31 March 2019, the Foundation (the UK operations) was entitled to exemption from audit under section 477 of the Companies Act 2006 relating to small companies.

The Trustees have not required the Foundation (the UK operations in this FR) to obtain an audit of its consolidated accounts for the year in question per section 476.

The Trustees have commissioned an audit of the accounts of CNF Shanghai, in accordance with applicable China Charity Law, for the calendar year 2019 ending 31st December 2019. The auditor provided an unqualified opinion and the report was submitted and accepted by the Shanghai Civil Affairs Bureau, the Chinese supervising authority.

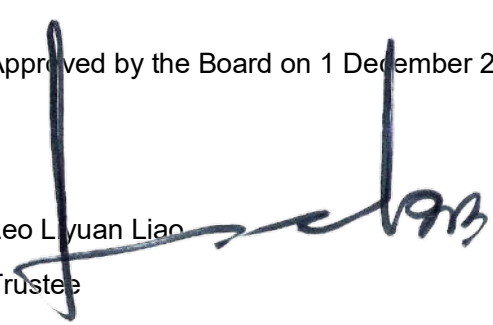
The Trustees acknowledge their responsibilities for complying with the requirements of the Act concerning accounting records and the preparation of accounts. The Trustees also acknowledge their responsibilities for complying with the requirements of China Charity Law and other relevant regulations with respect to governance, accounting records, and the preparation of accounts.

These accounts have been prepared in accordance with the provisions applicable to companies subject to the small companies' regime and with the Financial Reporting Standard for Smaller Entities (effective April 2008).

Approved by the Board on 1 December 2020 and signed on its behalf by:

Leo Liyuan Liao

Trustee

A handwritten signature in blue ink, appearing to read 'Leo Liyuan Liao', is written over the printed name and title. The signature is stylized and includes a date '19/12' at the end.

1. Accounting Policies

Basis of preparation

The Financial Statements have been prepared under the historical cost convention and in accordance with the Statement of Recommended Practice 'Accounting and Reporting by Charities (SORP 2005)', issued in March 2005, the Financial Reporting Standard for Smaller Entities (effective April 2008) and the Companies Act 2006.

2. Fund Accounting Policy

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

Restricted funds are those donated for use in an area or specific purposes, the use of which is restricted to that area or purpose.

All other funds the Foundation received during the Financial Year ended 31 March 2019 are unrestricted.

3. Income Resources

Incomes are recognised where there is an entitlement, certainty of receipt and the amount can be measured with sufficient reliability.

Incoming resources received in the NextLeaders, and in CNF Shanghai, except that from the Foundation in the UK, are recognised in RMB in the China column. Incoming resources received in the Foundation in the UK are recognised in GBP in the UK column. The accounts are managed and audited separated in the financial year, and the two results are consolidated for illustrative purpose.

4. Restricted income funds

Restricted income funds are recognised as the income received which is restricted to the purpose of a NextLeader project. We received donations on behalf of our NextLeaders, with the condition that the donations will be used only in that charitable project.

5. Expenditure on charitable activities

Charitable expenditure comprises those costs incurred by the Foundation in the delivery of its activities and services for its beneficiaries. It includes both costs that can be allocated directly to such activities and those costs of an indirect nature necessary to support them. A detailed P&L account of each NextLeader project can be found in Note 7-11. The accounts are managed and audited separated in the financial year, and the two results are consolidated for illustrative purpose.

6. Total SG&A

SG&A is Selling, General & Administrative Expense throughout the Financial Year including admin costs, service costs, office rentals, the costs of trustee meetings and the cost of any legal advice to trustees on governance or constitutional matters, costs of the preparation and examination of the statutory accounts, employee costs and subsistence costs paid to volunteers. These costs are necessary because much of the services and day to day support to the NextLeaders are provided by the employee team, and a strong Foundation team is itself a charity to the NextLeaders we chose and supported.

A detailed P&L account of each NextLeader project can be found in Note 7-11. The accounts are managed and audited separated in the financial year, and the two results are consolidated for illustrative purpose.

Table 1 Expenditure from resources for the charity

	Year ending 31 March 2020			Year ending 31 March 2019		
	China ¥	UK £	Consolidated £	China ¥	UK £	Consolidated £
General Admin	142,014	1,252	17,421	326,911	10,835	49,039
<i>% of Income</i>	8.3%	7.5%	8.1%	15.8%	173.8%	19.7%
Personnel, Travel and Subsistence	233,572	12,279	38,872	465,567	2,500	56,908
<i>% of Income</i>	13.6%	73.7%	18.0%	22.5%	40.1%	22.9%
Marketing	50,732		5,776	156,863		18,332
<i>% of Income</i>	3.0%		2.7%	7.6%		7.4%
Total SG&A	426,319	13,531	62,069	949,341	13,335	124,278

7. Profit & Loss account for Wakey-Wakey

Wakey-Wakey is a project launched in 2015, focusing on narcoleptics people who suffer sudden sleep attacks. It organises creative campaigns to spread awareness and gather research funding for individuals with narcolepsy. In FY 2019–20, Wakey-Wakey did not carry out activities substantially, as demonstrated in the table below. The project is being paused.

Table 2 Detailed P&L account for Wakey-Wakey

Profit & Loss (Wakey-Wakey)	Year ending 31 March 2020	
	China ¥	Consolidated £
Incoming Resources	0	0
Expenditure on Charitable Activities	11,822	1346
<i>Restricted Cash Expenditure</i>	1400	159
<i>Cash Expenditure</i>	10422	1,187
Net Surplus (Deficit)	-11,822	-1346

8. Profit & Loss account for Youth Spotlight

Youth Spotlight provides migrant children education on emotional and professional development. In FY 2019–20, Youth Spotlight mainly used resources it generated in the previous financial year to organize summer camps in the months of 2019. The project did not carry out substantial fundraising activities.

Table 3 Detailed P&L account for Youth Spotlight

Profit & Loss (Youth Spotlight)	Year ending 31 March 2020	
	China ¥	Consolidated £
Incoming Resources	32,499	3,700
<i>Restricted Cash Donations</i>	32,499	3,700
<i>Unrestricted Donation</i>	0	0
Expenditure on Charitable Activities	123,605	14,073
<i>Restricted Cash Expenditure</i>	101,566	11,564
<i>Cash Expenditure</i>	22,039	2,509
Net Surplus (Deficit)	-91,106	-10,373

9. Profit & Loss account for Voice Changer

Voice Changer collaborates with hospitals, professionals and volunteers to provide therapies for children with articulation disorders. In FY 2019–20, Voice Changer focused on utilizing income resources generated in the previous financial year and spent the majority of funds raised in this financial year.

Table 4 Detailed P&L account for Voice Charger

Profit & Loss (Voice Changer)	Year ending 31 March 2020	
	China ¥	Consolidated £
Incoming Resources	70,105	7,982
<i>Restricted Income Funds</i>	70,105	7,982
Expenditure on Charitable Activities	63,811	7,265
<i>Restricted Expenditure</i>	46,812	5,330
<i>Unrestricted expenditure</i>	16,999	1,935
Net Surplus (Deficit)	6,294	717

10. Profit & Loss account for Better Blue

Better Blue guides divers to help make ocean ecosystems more sustainable. In FY 2019–20, Better Blue carried out major fund-raising efforts, generating a total income of RMB 1,199,044, of which RMB 1,141,963 are Restricted and RMB 57,081 are unrestricted. Its expenditure on Charitable Activities is RMB 1,050,495, of which RMB 870,465 were from restricted funds and RMB 180,030 were from unrestricted funds. The net surplus by 31 March 2020 is RMB 148,549.

Table 5 Detailed P&L account for Better Blue

Profit & Loss (Better Blue)	Year ending 31 March 2020	
	China ¥	Consolidated £
Incoming Resources	1,199,044	136,517
<i>Restricted Income Funds</i>	1,141,963	130,018
<i>Unrestricted Income Funds</i>	57,081	6,499
Expenditure on Charitable Activities	1,050,495	122,223
<i>Restricted Expenditure</i>	870,465	101,726
<i>Unrestricted Expenditure</i>	180,030	20,497
Net Surplus (Deficit)	148,549	14,294

11. Profit & Loss account for Character Lab and Future Fantasia

Character Lab provides counselling services to teenagers. In FY 2019–20, as a new project, it generated a total income of RMB 10,000, of which nil is spent.

Future Fantasia provides the first exceptionally pleasant musical experience for young children. In FY2019-20 it generated an unrestricted income of 10,751. As it has decided to withdraw from Next Leaders it spent substantially all of the income during the financial year.

12. Profit & Loss account for the HQ department

HQ department provides centralized development, admin, finance, marketing, and internal audit functions. It is usually a cost centre, but in FY2019-20, it generated unrestricted and restricted income mainly from financial sponsorship and commercial fees when organizing NextLeader competition events.

Table 6 P&L account for HQ managed activities

Profit & Loss (HQ)	Year ending 31 March 2020	
	China ¥	Consolidated £
Incoming Resources	389,372	44,332
<i>NextLeader competition event</i>	113,400	12,911
<i>Restricted Income Funds</i>	24,784	2,822
<i>Unrestricted Income Funds</i>	251,188	28,599

Expenditure on Charitable Activities	597,980	68,083
<i>NextLeader Competition</i>	118,648	13,509
<i>Restricted Expenditure</i>	28,240	3,215
<i>Unrestricted Expenditure</i>	451,091	51,359
Net Surplus (Deficit)	148,549	14,294

13. Cash and Account Receivables

Account Receivable reflects the difference between when a donation has been pledged and when it is received. It also reflects staff advances. In this year, a total of £7,000 was advanced to staff (FY2019, £2,000) and is expected to be returned or expenses for normal business operations.

Cash available to the Foundation in the UK is deposited in the primary bank accounts of the Foundation, held within Santander Bank in the UK; while cash available to the Foundation in China is deposited in the primary bank account of Shanghai ChinaNext Foundation in China Construction Bank.

14. Fixed Assets

The Fixed Assets owned by the Foundation are in China and donated as Non-Cash donations on 22nd February 2016. The value of FY2020 Fixed Assets is recognised with 20% of depreciation from FY2019 Fixed Assets and FY2020 Net Capex.

Depreciation indicates how much of an asset's value has been used up over time and allows the write-off the value of an asset over time.

20% of depreciation has been charged to the Fixed Assets of the previous year and Net Capex of the current year.

Table 7 Fixed Assets of the Foundation

No.	Asset	Brand and Model	Items	Value at donation
001	Computers	Dell vostro23	5.0	¥3,500
002	Server	Lenovo vostro23	1.0	¥2,650
003			2.0	¥2,000
004	Office chairs	Hei Bai Diao	6.0	¥500
005	Projector	Longman	1.0	¥2,000
006	Meeting room chairs		10.0	¥100
007	Meeting room table		1.0	¥2,750
008	Printer	Brother MFC-9340CDW	1.0	¥5,300
009			1.0	¥500
010	Small table		2.0	¥300
011	Small cabinet		2.0	¥300
012	Water machine	Midea MYR718s-x	1.0	¥200
013	Office refrigerator	SKG	1.0	¥800

15. Net Borrowing

The Foundation borrowed a total of RMB 600,000 in the form of various transactions for its China operations from the Chairman. The loan is forgivable but is expected to return in five years.

16. Interest Income

Interest income is the interest earned on cash temporarily held in savings accounts, certificates of deposits, or other investments. It is recorded separately as the interest wasn't part of the original investment.

17. Taxes

The Foundation is a registered charity and is, therefore, exempt from taxation.

However, the same facilities are not available to CNF Shanghai which, while should have been tax exempted, is not. We pay VAT on the donations and income we receive at CNF Shanghai. We also pay company tax but can be later reclaimed.

18. Payables

Grants payable are payments made to third parties in the furtherance of the charitable objectives. Where the Foundation gives a grant with conditions for its payment being a specific level of service or output to be provided, such grants are only recognised once the recipient of the grant has provided the specific service or output.

Grants payable without performance conditions are only recognised in the accounts when a commitment has been made and there are no conditions to be met relating to the grant which remain in the control of the Foundation.

Provisions for grants are made when the intention to make a grant has been communicated to the recipient but there is uncertainty about either the timing of the grant or the amount of grant payable.

Liabilities are recognised as soon as there is a legal or constructive obligation committing the Foundation to the expenditure. All expenditure is accounted for on an accruals basis and has been classified under headings that aggregate all costs related to the category.

19. Trustees' remuneration and expenses

No trustees received any remuneration during the year.

20. Members' liability

The Foundation is a private company limited by guarantee and consequently does not have share capital. Each of the members is liable to contribute an amount not exceeding £nil towards the assets of the Foundation in the event of a liquidation.

21. Related parties

The Foundation is controlled by the trustees who are all Trustees of the company.

NextFellow Fund is controlled by management committed consisted of members from the Foundation.

22. Analysis of Reserves

At 1 April 2020, the Foundation has the following reserves.

	China ¥	UK £	Consolidated £
Cash & Equivalents	62,155	1,785	9,048
Account Receivable	(1)	7,000	7,000
Fixed Assets inc. Properties	18,067	0	2,111
Total Assets	80,221	8,785	18,160
Total Liabilities	600,000	0	68,313
Net Asset Value	(519,779)	8,785	(50,153)

Contact:

ChinaNext Foundation

Kemp House, 152-160 City Road, London

Tel: +44-20-32390221

ChinaNext Foundation (Shanghai)

Level 4, 241 South Wuning Road, Jing'an District, Shanghai, PRC 200040

Tel: +86-21-52782099

Email: info@chinanext.org

<http://www.chinanext.org> <http://www.chinanext.org.cn>