

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

31 March 2018

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)	Floor 24, Jinyan Tower, 847 Yan'an Road Middle, Jing'an District, Shanghai
Trustees	LIAO, Leo Liyuan XU, Benliang ZHOU, Dongmei LU, Xuan ZHAO, Jianyin

TRUSTEES REPORT

The Trustees (For the purposes of the Charities Act 2011) present their report and Consolidated Financial Statements for the year ended 31 March 2018.

Trustees

The following Trustees served during the year:

Mr LIAO, Leo Liyuan

Mr XU, Benliang

Ms ZHOU, Dongmei

Mr LU, Xuan (Appointed 11th March 2017)

Ms ZHAO, Jianyin (Appointed 11th March 2017)

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 work legally. The following Supervising Trustee served during the year:

Mr HUANG, Weiping

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 in cooperation with 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 with Shanghai Civil Affairs Bureau (上海市民政局) in February 2016 as a Private Non-Company Institute (民办非企业单位, No. 52310000MJ492519XW), as most charities are registered under per China's assembly law and charity law. CNF Shanghai has identical board of Trustees and identical mission as those of the Foundation.

The financial results of CNF Shanghai are 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 with the aim of relieving poverty, financial hardship or other social or economic disadvantage.

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 sponsored effective modern NGO leaders (NextFellow) in China from the inception to the end of Financial Year 2017. We had selected, supported and sponsored those young NGO leaders as our principle activities China.

We decided however, and following an intensive review in early 2017, that financial sponsorship to NextFellows 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 develop to be 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 chosen charity leaders. The NextLeader programme was born.

NextLeader programme aims at provide essential management and supervision services to the charity leaders of our choice, and crucially, the charity programmes they run. In effect and in 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 as 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 2018, the pilot programme of NextLeaders has attracted four young charity leaders to sign up for our services, and as a result we were in effect managing four charitable projects. Their operational results are 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 the merit of it, a public charitable foundation. While fund raising 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.

As the Foreign NGO Management Law of PRC came into effect from 1st January 2017, we were notified that our agreement with CYDF was no longer a viable option. CYDF and we mutually agreed to terminate the Agreement early, and CYDF wired the remainder of the money in the Fund to CNF Shanghai in early January 2017. After the date, all operations in China were carried out by CNF Shanghai and we expect this to continue in FY2018 and beyond.

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, Shanghai Civil Affairs Bureau approved the new institution. CNF Shanghai was run throughout the financial year as our main vehicles of operating in China.

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

Operating Environment

Despite continued economic development, social problems in China are on the rise, not on the fall. But the environment in which China's NGOs operate remained less than friendly, if not adverse. While the first Charity Law has been passed in 2016 and was promoted as a progressive, the implementation and operations on the local level remain challenged. Due to the uncertainties surrounding NGO operations, the leaders of Chinese NGOs continue to receive less than adequate support and are in need for external help.

Strategic transformation to NextLeaders Programme

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.

From the founding of this Foundation to the end of Financial Year 2015-2016, we primarily used direct financing, much like a scholarship, to support the NextFellow of our choice. We did this because we found, at the time, that the key obstacle preventing NGO leaders in China from exercising their duties effectively was personal finance constraints, among others. To combat this, we had provided a mean-tested stipend and a training allowance to each of our selected NextFellow, and from FY2015 had organised training and overseas exchanges for them. We had in total aid 30 NextFellow in this manner, selected from a pool of over 600 applicants.

During the Financial Year 2016-2017, the Board conducted a major strategic review of this approach. The Board assessed the results from the four areas below:

1. The quality, as measured by the influence and effectiveness of their respective NGOs, of the NextFellow of our choice;
2. The quality, as measured by the influence and effectiveness of their respective NGOs, of the applicants to our programme;
3. The quality, as measured by the influence and effectiveness of their respective NGOs, of the sample of NGO leaders who did not apply to our programme;
4. The personal and institutional improvement of the NextFellow of our choice after they completed our programme;
5. Feedback from NextFellow, staff and partners.

The results were less satisfactory than we originally anticipated. Statistically, the NextFellow who received our sponsorship were not significantly better than those who did not, and the personal improvements of our NextFellow were not significant more advanced, either. To improve our work, towards the end of the Financial Year, a new strategy was recommended to the board that encompassed:

1. A clear definition of "effective modern NGO leader" as measurable goals for each of the NextFellow that includes: **the clarity of personal and organisational mission, demonstrable effectiveness in execution, transparency and efficiency in financial management, and innovative marketing**. The goal of our NextFellow is to achieve high standards in all four areas.
2. An approach that involves much more hand-on support to NextFellow's NGO work, especially in financial and human resource management, and marketing, which we found most lacking; We would open our own resources and facilities to the full usage of our NextFellow;
3. A new focus on young change makers who may yet officially started a NGO but have demonstrated strong potential to become a great leader;
4. The unchanged focus on leadership development, not on the NGO work itself.

It was recommended that the Foundation stop direct financial aid to our NextFellow as this created moral

hazard and proved to be ineffective; and that the Foundation should instead invest in teams and services that can help our NextFellow in the four clearly defined areas of personal growth. The Foundation has a carefully designed structure that allows us to utilize resources both from inside and outside China. Clear mission, effective execution, transparent finance and innovative marketing are going to be the core areas of achievements for our NextFellow, and for our own team. This new strategy means that we will be serving far fewer leaders but developing much stronger ties with them.

We carried out the new strategy in the Financial year 2017-2018. NextFellow programme is stopped and we started the pilot NextLeaders programme and signed up the first NextLeader January 2017. Xiupei Li, as the leader of Wakey Wakey which was the first charity project to support narcolepsy patients, chose to join our team legally, bringing her NGO work with her. To the end of financial year, we've signed up four NextLeaders. Our current NextLeaders and their projects are:

Time of signing up	Project Name	Next Leader	Agenda
January 2017	Wakey Wakey	Xiupei Li	Narcolepsy support
July 2017	Youth Spotlight	Emily Yue	Education for Left behind children
September 2017	Voice Changer	Xintong Du	Voice correction
January 2018	Better Blue	Miao Wang	Oceanic environment protection

Funding and Responsibilities

The Foundation received most of her donation from China and from a small group of visionary donors from outside the country. Despite running on very tight budgets, the Foundation has grown to maintain a full-time team of four, each of them providing day to day support to our NextLeaders.

The Nextleaders each leads 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.

Each and every NextLeader is responsible for everything else in their charitable projects, including but not limited to fund raising, 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 to 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 authorises 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 for the purposes of applying 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 2018

Profit & Loss Account

	Note	Year ending 31 March 2018			Year ending 31 March 2017		
		China ¥	UK £	Consolidated £	China ¥	UK £	Consolidated £
Incoming Resources	3	1,074,627	11,833	134,521	620,312	1,161	73,154
Cash Donations		487,690	11,833	67,512	403,408	1,161	47,980
<i>Wakey-Wakey</i>	7	307,692		35,129			
<i>Youth Spotlight</i>	8	12,135		1,385			
<i>Voice Changer</i>	9	30,370		3,467			
<i>Better Blue</i>	10	27,207		3,106			
<i>Ku Yi Jia</i>	11	110,286		12,591			
Restricted Cash Donations	4	586,937		67,010	216,904		25,174
<i>Wakey-Wakey</i>		562,207		64,186			
<i>Youth Spotlight</i>							
<i>Voice Changer</i>		24,731		2,823			
<i>Better Blue</i>							
<i>Ku Yi Jia</i>							
Expenditure on Charitable Activities	5	570,014		65,078	298,599		34,655
Cash Expenditure		225,678		25,765			
<i>Wakey-Wakey</i>		52,673		6,014			
<i>Youth Spotlight</i>		21,658		2,473			
<i>Voice Changer</i>		22,600		2,580			
<i>Better Blue</i>		10,257		1,171			
<i>Ku Yi Jia</i>		118,490		13,528			
Restricted Cash Expenditure		344,336		39,312			
<i>Wakey-Wakey</i>		312,193		35,643			
<i>Youth Spotlight</i>		16,500		1,884			
<i>Voice Changer</i>		15,643		1,786			
<i>Better Blue</i>							
<i>Ku Yi Jia</i>							
Resources for Charity		504,613	11,833	69,444	321,714	1,161	38,499
Total SG&A	6	193,085	2,705	24,750	213,838	2,538	27,355
General Admin		193,085	2,705	24,750	52,908	2,538	8,678
Personnel, Travel and Subsistence					160,520		18,630
Marketing					410		48
Surplus (Deficit) of Main Activities		304,470	9,128	43,888	99,054	(1,377)	10,120
Depreciation	12	7,057		806	8,822		1,024
Finance Income/(Expense)					235		27
Interest Income	13				235		27
Pre-Tax Surplus (Deficit)		304,470	9,128	43,888	99,289	(1,377)	10,147
Tax and Govt Charges	14				4,222		490
Net Surplus (Deficit)		304,470	9,128	43,888	95,067	(1,377)	9,657

Balance Sheet

	Note	Year ending 31 March 2018			Year ending 31 March 2017		
		China ¥	UK £	Consolidated £	China ¥	UK £	Consolidated £
Cash & Equivalents	15	496,728	12,767	69,477	185,201	3,639	25,133
Account Receivable	15	9,978		1,139	9,978		1,158
Current Assets		506,706	12,767	70,617	195,178	3,639	26,291
Fixed Asset inc. Properties	16	28,229		3,222.9	35,286		4,095
Non-Current Assets		28,229		3,222.9	35,286		4,095.3
Total Assets		534,935	12,767	73,839.4	230,465	3,639	30,386.7
Account Payable	17	58		7	58		7
Current Liabilities		58		7	58		7
Total Liabilities		58		7	58		7
Net Asset Value		534,935	12,767	73,833	230,465	3,639	30,380

Cash Flow Statement

	Note	Year ending 31 March 2018			Year ending 31 March 2017		
		China ¥	UK £	Consolidated £	China ¥	UK £	Consolidated £
Net Income		304,470	9,128	43,888	95,067	(1,377)	9,657
Depreciation		7,057		806	8,822		
Change in Working Capital					(24,167)		
Change in Accounts Receivable					(9,401)		
Change in Accounts Payable					(14,766)		
Cash Flow from Operations		311,527	9,128	44,694	79,721	(1,377)	9,657
Net Capex					(3,208)		(372)
Cash Flow from Investing					(3,208)		(372)
Total Change in Cash					76,513	(1,377)	6,480

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 2018 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 in accordance with 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 2017 ending 31st December 2017. The auditor provided unqualified opinion and the report was submitted and accepted by Shanghai Civil Affairs Bureau, the Chinese supervising authority.

The Trustees acknowledge their responsibilities for complying with the requirements of the Act with respect to 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 November 2018 and signed on its behalf by:

Leo Liyuan Liao Trustee

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 for 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 2018 are unrestricted.

3. Incoming Resources

Incomes are recognised where there is 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 Cash Donations

Restricted cash donations 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 are 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 2018			Year ending 31 March 2017		
	China ¥	UK £	Consolidated £	China ¥	UK £	Consolidated £
General Admin	193,085	2,705	24,750	52,908	1,049	8,917
<i>% of Income</i>	18.0%	22.9%	18.4%			8.4%
Personnel, Travel and Subsistence	-	-	-	160,520		16,515
<i>% of Income</i>						15.5%
Marketing	-	-	-	410	1,000	1,000
<i>% of Income</i>				0.1%	37.6%	0.9%
Total SG&A	193,085	2,705	24,750	213,838	2,049	26,432

7. Detailed 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 2017–18, Wakey-Wakey generates a total income of RMB 869,899, of which RMB 307,692 are Cash Donations and RMB 562,207 are Restricted Cash Donations. Its expenditure on Charitable Activities is RMB 364,866 and Total SG&A is RMB 166,924. The Net Profit by 31 March 2018 is RMB 338,109.

Table 2 Detailed P&L account for Wakey-Wakey

Profit & Loss (Wakey-Wakey)	Year ending 31 March 2018	
	China ¥	Consolidated £
Incoming Resources	869,899	99,315
<i>Cash Donations</i>	307,692	35,129
Restricted Cash Donation	562,207	64,186
Expenditure on Charitable Activities	364,866	41,656
<i>Personnel</i>	181,122	20,678
<i>Designing</i>	13,850	1,581
<i>Media Production</i>	12,792	1,460
<i>Media Communication</i>	1,528	174
<i>Professional Consultancy</i>	10,500	1,199
<i>Materials</i>	13,770	1,572
<i>Venue</i>	19,093	2,180
<i>Transportation</i>	47,389	5,410
<i>Meals</i>	1,183	135
<i>Accommodation</i>	1,084	124
<i>Prizes</i>	15,750	1,798
<i>Free Funds</i>	43,092	4,920
<i>Unforeseen circumstances</i>	3,713	424
Resources for Charity	505,033	57,659
<i>% of Income</i>	58.1%	58.1%
Total SG&A	166,924	19,057
Net Surplus (Deficit)	338,109	38,601

8. Detailed Profit & Loss account for Youth Spotlight

Youth Spotlight provides migrant children education on emotional and professional development. In FY 2017–18, Youth Spotlight generates a total income of RMB 12,135, of which are all Cash Donations. Its expenditure on Charitable Activities is RMB 38,158 and Total SG&A is RMB 1,820. The Net Profit by 31 March 2018 is RMB -27,843.

Table 3 Detailed P&L account for Youth Spotlight

Profit & Loss (Youth Spotlight)	Year ending 31 March 2018	
	China ¥	Consolidated £
Incoming Resources	12,135	1,385
<i>Cash Donations</i>	12,135	1,385
Restricted Cash Donation	-	-
Expenditure on Charitable Activities	38,158	4,356
<i>Personnel</i>	36,670	4,187
<i>Transportation</i>	1,488	170
Resources for Charity	(26,023)	(2,971)
% of Income	-214.4%	-214.4%
Total SG&A	1,820	208
Net Surplus (Deficit)	(27,843)	(3,179)

9. Detailed Profit & Loss account for Voice Charger

Voice Changer collaborates with hospitals, professionals and volunteers to provide therapies for children with articulation disorders. In FY 2017–18, Voice Changer generates a total income of RMB 55,101, of which RMB 24,731 are Cash Donations and RMB 30,370 are Restricted Cash Donations. Its expenditure on Charitable Activities is RMB 38,243 and Total SG&A is RMB 16,858. The Net Profit by 31 March 2018 is RMB 10,419.

Table 4 Detailed P&L account for Voice Charger

Profit & Loss (Wakey-Wakey)	Year ending 31 March 2018	
	China ¥	Consolidated £
Incoming Resources	55,101	6,395
<i>Cash Donations</i>	24,731	2,870
Restricted Cash Donation	30,370	3,525
Expenditure on Charitable Activities	38,243	4,438
<i>Personnel</i>	35,050	4,068
<i>Venue</i>	2,250	261
<i>Transportation</i>	943	109
Resources for Charity	16,858	1,956
% of Income	30.6%	30.6%
Total SG&A	6,439	747
Net Surplus (Deficit)	10,419	1,219

10. Detailed Profit & Loss account for Better Blue

Better Blue guides divers to help make ocean ecosystems more sustainable. In FY 2017–18, Better Blue generates a total income of RMB 27,586, of which are all Cash Donations. Its expenditure on Charitable Activities is RMB 10,257 and Total SG&A is RMB 444. The Net Profit by 31 March 2018 is RMB 16,885.

Table 5 Detailed P&L account for Better Blue

Profit & Loss (Wakey-Wakey)	Year ending 31 March 2018	
	China ¥	Consolidated £
Incoming Resources	27,207	3,106
<i>Cash Donations</i>	27,207	3,106
Restricted Cash Donation	-	-
Expenditure on Charitable Activities	10,257	1,171
<i>Personnel</i>	10,198	1,164
<i>Unforeseen circumstances</i>	59	7
Resources for Charity	16,951	1,935

% of Income	62.3%	62.3%
Total SG&A	1,360	155
Net Surplus (Deficit)	15,591	1,780

11. Depreciation

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.

12. 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.

13. 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.

14. Cash and Account Receivables

Account Receivable reflects the difference between when a donation has been pledged and when it is received.

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.

15. 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 FY2018 Fixed Assets is recognised with 20% of depreciation from FY2017 Fixed Assets and FY2018 Net Capex.

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	Work tables		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	Shredder		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
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16. 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.

17. Trustees' remuneration and expenses

No trustees received any remuneration during the year.

18. 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 liquidation.

19. Related parties

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

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

20. Analysis of Reserves

At 1 April 2018, the Foundation has the following reserves.

	China ¥	UK £	Consolidated £
Cash & Equivalents	496,728	12,767	69,477
Account Receivable	9,978		1,139
Fixed Assets inc. Properties	28,229		3,223
Total Assets	534,935	12,767	73,839
Account Payable	58		7
Total Liabilities	58		7
Net Asset Value	534,935	12,767	73,833

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