

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 2019

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 ZHAO, Jianyin ZHANG, Heqing HU, Di ZHOU, Chaoming

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 2019.

Trustees

The following Trustees served during the year:

- Mr LIAO, Leo Liyuan
- Mr XU, Benliang
- Ms ZHAO, Jianyin
- Mr ZHANG, Heqing (Appointed 8 March 2019)
- Ms HU, Di (Appointed 8 March 2019)
- Mr ZHOU, Chaoming (Appointed 8 March 2019)
- Ms ZHOU, Dongmei (Resigned 8 March 2019)
- Mr LU, Xuan (Resigned 8 March 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 work legally. The following Supervising Trustee served during the year:

- Mr HUANG, Weiping (Resigned 8 March 2019)
- 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 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 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 at the beginning. We had selected and sponsored those NextFellows as our principle activities China.

Following an internal review in early 2017, however, we decided 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 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 provide essential management and supervision services to the charity leaders or 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 2019, we have grown our NextLeaders programme to include eight young charity leaders to sign up for our services, and as a result we are in effect managing seven 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 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 until the end of this financial year.

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 six members, excluding the eight NextLeaders we have signed up. 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.

Macro environment

Social problems in China are still on the rise and evolve by year. An interesting development of the last couple of years was that government and the ruling Party have showed great interests in this sector, having rightly identified non-profit social organizations as a sector with a lot of potential.

This awareness has manifested two phenomena in China: 1. The general ease of registration of, and the availability of government funding for, the NGO organizations that focus on a list of charitable activities like community work; 2. Much more rigorous enforcement of law and regulations to the organizations resulting in, but not limited to, the enforcement of Foreign NGO law that in effect put all foreign NGOs on the watch list of Police.

There are winners and losers in this new environment. The NGOs that are compliant and focus in the safe areas of community work flourished with greatly increased government funding, but the ones which are less compliant either because of resource constraints or other constraints find the space for manoeuvre squeezed. Social enterprises also flourished, but we struggle to see how profit and social impact can be balanced in the Chinese environment. This difficulty is not on the "balance" bit, but on both making a profit and on making positive social impact. Doing one is difficult enough, trying to do two is nigh on impossible. We are closely watching the space and actively looking for any good business model that can break the dilemma.

We continue to watch the development in the space and take comfort that whatever the macro environment is, quests for effective NGO leaders are never going to slow. As long as we keep our mission intact, we will be doing a great work to the Chinese society.

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.

We constantly review if we have the right strategies to achieve this goal. In our strategic view carried out in FY2017, the board identified the following areas that are in need of maintenance to high standard:

1. A clear set of criteria in selecting "effective modern NGO leaders" that includes: **clear mission, effective execution, financial transparency, and innovative marketing**.
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.

We advanced in all the above points in this financial year:

1. We created a scoring system to identify the NGO leaders most likely to be successful. We applied and tried this scoring system in our first national competition of Next Leaders (明日益才社会创新大赛);
2. A Next Leader Constitution was enacted between the young leaders that we support; The Constitution would provide a basis for the relationship, the areas of cooperation and the point of support, between the Next Leaders and the Foundation;
3. Following the promulgation of NextLeader Constitution, we created centralized “Headquarters Department” (总部事业部) and “Joint Financial Center” (联合财务中心) and staffed them with professionals. This allows a clear separation of supervision and day to day NGO work, allowing either to focus on improvement;
4. Following the national competition, winners were invited to join our team so our current NextLeaders and their projects include:

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, Silver award of Best Charity project 2017
September 2017	Voice Changer	Xintong Du	Voice correction	Normal, Gold award of Best Charity project 2018
January 2018	Better Blue	Miao Wang	Oceanic environment protection	Leader 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
January 2019	Future Fantasia	Sean Li	Art education for disadvantaged children	New project
December 2018	Character Lab	Boya Yang	Character building for teenagers	New project

We celebrate this year of great performance from all the projects our NextLeaders. Voice Changer has scored the Gold Award of Best Charity Projects and Ms Miao Wang, the leader of Better Blue was elected as the only Chinese in U.N. Young Champions of the Earth. Be Happy scored SAP's annual reward for social enterprise. CNF Shanghai in general was promoted as the best 10 charitable organizations.

On the institutional level, we also maintained compliance to law and with the government. By the end of the Financial year, we have been invited to apply for AAA status in China's social organization recognition. The official recognition carries many benefits and is usually a sign that our activities are officially recognized.

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 2019

Profit & Loss Account

		Year ending 31 March 2019			Year ending 31 March 2018		
	No te	China ¥	UK £	Consolidated £	China ¥	UK £	Consolidated £
Incoming Resources	3	2,071,886	6,233	248,361	1,074,627	11,833	134,521
General Cash Donations		885,040	6,233	109,662	487,690	11,833	67,512
<i>Wakey-Wakey</i>	7	5,212		609	307,692		35,129
<i>Youth Spotlight</i>	8	106,059		12,394	12,135		1,385
<i>Voice Changer</i>	9	28,805		3,366	30,370		3,467
<i>Better Blue</i>	10	247,106		28,878	27,207		3,106
<i>Future Fantasia</i>	11	4,000		467			
<i>Next Leaders competition</i>		493,857		57,714			
<i>Ku Yi Jia</i>					110,286		12,591
Restricted Cash Donations	4	1,186,846		138,669	586,937		67,010
<i>Wakey-Wakey</i>		36,350		4,248	562,207		64,186
<i>Youth Spotlight</i>		266,520		31,146			
<i>Voice Changer</i>		293,168		34,261	24,731		2,823
<i>Better Blue</i>		590,809		69,044			
<i>Future Fantasia</i>							
Expenditure on Charitable Activities	5	1,582,987		179,152	570,014		65,078
Cash Expenditure		592,010		63,343	225,678		25,765
<i>Wakey-Wakey</i>		174,734		20,420	52,673		6,014
<i>Youth Spotlight</i>		55,601		6,498	21,658		2,473
<i>Voice Changer</i>		247,642		28,940	22,600		2,580
<i>Better Blue</i>		2,843		332	10,257		1,171
<i>Total Allowance</i>		47,143		5,509			
<i>Ku Yi Jia</i>					118,490		13,528
Restricted Cash Expenditure		990,977		115,809	344,336		39,312
<i>Wakey-Wakey</i>		158,553		18,529	312,193		35,643
<i>Youth Spotlight</i>		55,625		6,501	16,500		1,884
<i>Voice Changer</i>		291,850		34,107	15,643		1,786
<i>Better Blue</i>		484,948		56,673			
Resources for Charity		488,899	6,233	69,209	504,613	11,833	69,444
Total SG&A	6	949,341	13,335	124,278	193,085	2,705	24,750
General Admin		326,911	10,835	49,039	193,085	2,705	24,750
Personnel, Travel and Subsistence		465,567	2,500	56,908			
Marketing		156,863		18,332			
Surplus (Deficit) of Main Activities		(466,087)	(7,102)	(55,729)	304,470	9,128	43,888
Depreciation	12	5,646		660	7,057		806
Finance Income/(Expense)		3,810		445			
Interest Income	13	3,810		445			
Pre-Tax Surplus (Deficit)		(466,087)	(7,102)	(55,729)	304,470	9,128	43,888
Tax and Govt Charges	14	89,396		10,447			
Net Surplus (Deficit)		(555,484)	(7,102)	(66,176)	304,470	9,128	43,888

Balance Sheet

	Note	Year ending 31 March 2019			Year ending 31 March 2018		
		China ¥	UK £	Consolidated £	China ¥	UK £	Consolidated £
Cash & Equivalents	15	(53,110)	5,665	(542)	496,728	12,767	69,477
Account Receivable	15	9,978	2000	3,166	9,978		1,139
Current Assets		(43,132)	7,665	2,624	506,706	12,767	70,617
Fixed Asset inc. Properties	16	22,583		2,639	28,229		3,222.9
Non-Current Assets		22,583		2,639	28,229		3,222.9
Total Assets		(20,549)	7,665	5,264	534,935	12,767	73,839.4
Account Payable	17	58		7	58		7
Current Liabilities		58		7	58		7
Total Liabilities		58		7	58		7
Net Asset Value		(20,549)	7,665	5,257	534,935	12,767	73,833

Cash Flow Statement

	Note	Year ending 31 March 2019			Year ending 31 March 2018		
		China ¥	UK £	Consolidated £	China ¥	UK £	Consolidated £
Net Income		(555,484)	(7,102)	(66,176)	304,470	9,128	43,888
Depreciation		5,646		660	7,057		806
Change in Working Capital							
Change in Accounts Receivable							
Change in Accounts Payable							
Cash Flow from Operations		(549,838)	(7,102)	(65,516)	311,527	9,128	44,694
Net Capex							
Cash Flow from Investing							
Total Change in Cash		(549,838)	(7,102)	(65,516)	311,527	9,128	44,694

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.

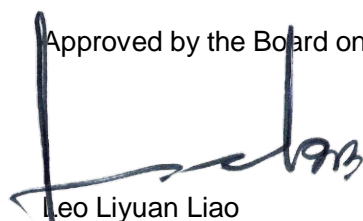
The Trustees have not required the Foundation (the UK operations in this FR) to obtain an audit of its consolidated accounts for the year in question in accordance with section 476.

The Trustees have commissioned an audit of the accounts of CNF Shanghai, in accordance with applicable China Charity Law, for the calendar year 2019 ending 31st December 2019. 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 July 2019 and signed on its behalf by:

A handwritten signature in blue ink, appearing to read 'Leo Liyuan Liao', is written over a vertical line that serves as a signature line.

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 2019 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 2019			Year ending 31 March 2018		
	China ¥	UK £	Consolidated £	China ¥	UK £	Consolidated £
General Admin	326,911	10,835	49,039	193,085	2,705	24,750
<i>% of Income</i>	15.8%	173.8%	19.7%	18.0%	22.9%	18.4%
Personnel, Travel and Subsistence	465,567	2,500	56,908	-	-	-
<i>% of Income</i>	22.5%	40.1%	22.9%			
Marketing	156,863		18,332	-	-	-
<i>% of Income</i>	7.6%		7.4%			
Total SG&A	949,341	13,335	124,278	193,085	2,705	24,750

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 2018–19, Wakey-Wakey generates a total income of RMB 41,562, of which RMB 36,350 are Restricted Cash Donations and RMB 5,212 are Cash Donations. Its expenditure on Charitable Activities is RMB 333,287, of which RMB 158,553 are Restricted Cash Expenditure and RMB 174,734 are Cash Expenditure. The Net Deficit by 31 March 2019 is RMB 291,725.

Table 2 Detailed P&L account for Wakey-Wakey

Profit & Loss (Wakey-Wakey)	Year ending 31 March 2019	
	China ¥	Consolidated £
Incoming Resources	41,562	4,857
<i>Restricted Cash Donations</i>	36,350	4,248
<i>Cash Donation</i>	5,212	609
Expenditure on Charitable Activities	333,287	38,949
<i>Restricted Cash Expenditure</i>	158,553	18,529
<i>Cash Expenditure</i>	174,734	20,420
Net Surplus (Deficit)	-291,725	-34,092

8. Detailed Profit & Loss account for Youth Spotlight

Youth Spotlight provides migrant children education on emotional and professional development. In FY 2018–19, Youth Spotlight generates a total income of RMB 372,579, of which RMB 266,520 are Restricted Cash Donations and RMB 106,059 are Cash Donations. Its expenditure on Charitable Activities is RMB 111,226, of which RMB 55,625 are Restricted Cash Expenditure and RMB 55,601 are Cash Expenditure. The Net Profit by 31 March 2019 is RMB 261,353.

Table 3 Detailed P&L account for Youth Spotlight

Profit & Loss (Youth Spotlight)	Year ending 31 March 2019	
	China ¥	Consolidated £
Incoming Resources	372,579	43,541
<i>Restricted Cash Donations</i>	266,520	31,146
<i>Cash Donation</i>	106,059	12,394
Expenditure on Charitable Activities	111,226	12,998
<i>Restricted Cash Expenditure</i>	55,625	6,501
<i>Cash Expenditure</i>	55,601	6,498
Net Surplus (Deficit)	261,353	30,543

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 2018–19, Voice Charger generates a total income of RMB 321,973, of which RMB 293,168 are Restricted Cash Donations and RMB 28,805 are Cash Donations. Its expenditure on Charitable Activities is RMB 355,898, of which RMB 291,850 are Restricted Cash Expenditure and RMB 64,048 are Cash Expenditure. The Net Deficit by 31 March 2019 is RMB 33,925.

Table 4 Detailed P&L account for Voice Charger

Profit & Loss (Youth Spotlight)	Year ending 31 March 2019	
	China ¥	Consolidated £
Incoming Resources	321,973	37,627
<i>Restricted Cash Donations</i>	293,168	34,261
<i>Cash Donation</i>	28,805	3,366
Expenditure on Charitable Activities	355,898	41,591
<i>Restricted Cash Expenditure</i>	291,850	34,107
<i>Cash Expenditure</i>	64,048	7,485
Net Surplus (Deficit)	-33,925	-3,965

10. Detailed Profit & Loss account for Better Blue

Better Blue guides divers to help make ocean ecosystems more sustainable. In FY 2018–19, Better Blue generates a total income of RMB 837,915, of which RMB 590,809 are Restricted Cash Donations and RMB 247,106 are Cash Donations. Its expenditure on Charitable Activities is RMB 732,590, of which RMB 484,948 are Restricted Cash Expenditure and RMB 247,642 are Cash Expenditure. The Net Profit by 31 March 2019 is RMB 105,325.

Table 5 Detailed P&L account for Better Blue

Profit & Loss (Youth Spotlight)	Year ending 31 March 2019	
	China ¥	Consolidated £
Incoming Resources	837,915	97,922
<i>Restricted Cash Donations</i>	590,809	69,044
<i>Cash Donation</i>	247,106	28,878
Expenditure on Charitable Activities	732,590	85,613
<i>Restricted Cash Expenditure</i>	484,948	56,673
<i>Cash Expenditure</i>	247,642	28,940
Net Surplus (Deficit)	105,325	12,309

11. Detailed Profit & Loss account for Future Fantasia

Future Fantasia provides first exceptionally pleasant musical experience for young children. In FY 2018–19, Future Fantasia generates a total income of RMB 4,000, of which are Restricted Cash. Its expenditure on Charitable Activities is RMB 2,843, of which are Cash Expenditure. The Net Profit by 31 March 2019 is RMB 1,158.

Table 6 Detailed P&L account for Future Fantasia

Profit & Loss (Youth Spotlight)	Year ending 31 March 2019	
	China ¥	Consolidated £
Incoming Resources	4,000	467
<i>Restricted Cash Donations</i>	0	0
<i>Cash Donation</i>	4,000	467
Expenditure on Charitable Activities	2,843	332
<i>Restricted Cash Expenditure</i>	0	0
<i>Cash Expenditure</i>	2,843	332
Net Surplus (Deficit)	1,158	135

12. 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.

13. 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.

14. 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.

15. 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.

16. 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 FY2019 Fixed Assets is recognised with 20% of depreciation from FY2018 Fixed Assets and FY2019 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

17. 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.

18. Trustees' remuneration and expenses

No trustees received any remuneration during the year.

19. 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.

20. Related parties

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

NextFellow Fund is controlled by a management committee consisting of members from the Foundation.

21. Analysis of Reserves

At 1 April 2019, the Foundation has the following reserves.

	China ¥	UK £	Consolidated £
Cash & Equivalents	(53,110)	5,665	(542)
Account Receivable	9,978	2000	3,166
Fixed Assets inc. Properties	22,583		2,639
Total Assets	(20,549)	7,665	5,264
Account Payable	58		7
Total Liabilities	58		7
Net Asset Value	(20,549)	7,665	5,264

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