

CHRISTINA NOBLE CHILDREN'S FOUNDATION GROUP
COMBINED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER, 2017

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COMPILATION REPORT
TO THE MANAGEMENT OF
CHRISTINA NOBLE CHILDREN'S FOUNDATION GROUP ("THE GROUP")

We have compiled the accompanying combined financial statements of the Group based on the audited financial statements of the Group's component entities provided by the management. These financial statements comprise the combined statement of financial position of the Group as at 31 December, 2017, the combined statement of comprehensive income for the year then ended, and a summary of significant accounting policies and other explanatory information.

We performed this compilation engagement in accordance with Hong Kong Standard on Related Services 4410 (Revised), Compilation Engagements, and we did not carry out any audit procedures to verify the accuracy and completeness of the information presented in the combined financial statements of the Group.

We have applied our expertise in accounting and financial reporting to assist you in the preparation and presentation of these financial statements in accordance with Hong Kong Financial Reporting Standards for Private Entities (HKFRS-PE). We have complied with relevant ethical requirements, including principles of integrity, objectivity, professional competence and due care.

These financial statements and the accuracy and completeness of the information used to compile them are your responsibility.



Fan, Chan & Co.
Certified Public Accountants
Hong Kong, 14 November, 2018

CHRISTINA NOBLE CHILDREN'S FOUNDATION GROUP
COMBINED STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER, 2017
(UNAUDITED)

	2017	2017	2016
	USD	USD	USD
Income			
Child sponsorship		766,249	730,136
Donations			
Unrestricted donations	693,878		
Restricted donations	<u>789,468</u>	1,483,346	2,190,494
Fundraising activities		530,552	322,394
Donated goods & services		7,235	22,776
Gift aid		128,132	50,516
Grants		18,549	-
Other income		23,956	172,219
Total income		2,958,019	3,488,535
Expenditure			
Child sponsorship payments		631,340	635,115
Charitable activities		1,695,086	1,782,417
Office staff and overheads cost		805,452	657,615
Direct fundraising cost		178,308	139,874
Governance		36,820	46,900
Foreign exchange loss		43,773	168,095
Total expenditure		3,390,779	3,430,016
(Deficit)/Surplus for the year		(432,760)	58,519
Other comprehensive expense			
<i>Items that may be reclassified subsequently to surplus or deficit:</i>			
Exchange differences on translating foreign operations		(62,510)	(116,951)
Total comprehensive expense for the year		(495,270)	(58,432)

CHRISTINA NOBLE CHILDREN'S FOUNDATION GROUP

COMBINED STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER, 2017
(UNAUDITED)

	Note	2017 USD	2016 USD
Non-current assets			
Property, plant and equipment	(5)	359,946	237,295
Intangible assets	(6)	594	1,577
Available-for-sale investments	(7)	2,480	2,480
Rental and utility deposits		5,957	5,972
		368,977	247,324
Current assets			
Inventories		12,684	15,385
Accounts receivables		163,797	128,122
Prepayments and other receivables		102,595	14,194
Cash and cash equivalents		4,083,889	4,548,156
		4,362,965	4,705,857
Current liabilities			
Donations received pending for distribution	(8)	250,825	-
Accounts payables		56,490	64,630
Accrued expenses and other payables		147,317	115,971
		454,632	180,601
Net current assets		3,908,333	4,525,256
Net assets		4,277,310	4,772,580
Reserves and funds			
Accumulated funds and reserves		4,914,066	5,346,826
Exchange reserve		(636,756)	(574,246)
Total reserves and funds		4,277,310	4,772,580

The combined financial statements were approved and authorised for issue by the management on 14 November, 2018 and are signed on its behalf by:


Michael John Lonergan

1. General information

Christina Noble Children's Foundation Group ("the Group") is an international partnership of people dedicated to serving vulnerable children in Vietnam and Mongolia who are in need of medical care, nutritional rehabilitation, educational opportunities, vocational training, job placement, and protection of children at high risk of sexual and commercial exploitation.

The Group has established individual independent component entities over eight different countries. The purpose is to raise funds to help needy children in Vietnam and Mongolia.

The figures and financial information relating to the year ended 31 December, 2017 included in these combined financial statements are not the Group's statutory financial statements for that year.

As the Group is an international partnership of component entities, the Group is not required to deliver its financial statements to the Registrar of Companies, and has not done so.

These combined financial statements are compiled to assist the management in the preparation and presentation of financial information based on information provided by the management. The component entities in the Group are not connected to each other in terms of ownership and are audited individually in the respective jurisdictions. The majority of component entities are audited and the auditor's opinion are not modified (see Note 9).

These combined financial statements are presented in United States dollars, unless otherwise stated.

2. Basis of preparation and accounting policies

These combined financial statements have been prepared in accordance with the Hong Kong Financial Reporting Standard of Private Entities ("HKFRS for Private Entities") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"). They have been prepared under the historical cost convention.

These combined financial statements do not present the statement of cash flows and the statement of changes in reserves and funds for the years ended 31 December, 2016 and 2017, since some component entities' financial statements do not provide such information.

Income recognition

Income is recognised when it is probable that the economic benefits will flow to the Group and the income can be measured reliably, on the following bases:

- (i) Donation and sponsorship are recorded as income upon receipt.
- (ii) Interest income is recognised as it accrues using the effective interest method.

Property, Plant and equipment

Property, plant and equipment are measured at initial recognition at cost and subsequently measured at cost less accumulated depreciation and accumulated impairment losses, if any.

Cost comprises purchase price, conversion cost and estimated cost of dismantling and restoration. Expenditure such as repairs and maintenance, overhaul costs and borrowing costs are normally charged to income and expenditure when they are incurred. Where expenditure has resulted in increases in the future economic benefits from the use of the property, plant and equipment, the expenditure is capitalised.

2. Basis of preparation and accounting policies (continued)**Property, Plant and equipment (continued)**

The residual values and useful lives of the property, plant and equipment are reviewed when there are indications that the residual value or useful life of an asset has been a significant change since the end of previous reporting period. If necessary, the residual value, depreciation method or useful life of that asset is amended prospectively to reflect the new expectation. Depreciation is calculated using the straight-line method to write off the depreciable amount of each property, plant and equipment to income and expenditure unless it is included in the carrying amount of another asset over its estimated useful life. The following estimated useful lives are used for the depreciation of property, plant and equipment.

Land and buildings	Over the unexpired lease terms or 5%
Fixtures, fittings and equipment	10% - 33%
Motor vehicles	10% - 25%

On disposal or retirement, the cost together with associated accumulated depreciation and impairment losses, if any, of the property, plant and equipment are derecognised and any gain or loss resulting from the disposal is recognised in income and expenditure.

Construction in progress is stated at cost less accumulated impairment losses. Cost comprises direct and indirect costs of a development project on a community complex in the Blue Skies Ger Village. No depreciation is provided for construction in progress until the relevant complex is available for use.

Intangible assets

Intangible assets are computer software which is stated at cost less accumulated amortisation and any accumulated impairment losses. It is amortised over its estimated life of three years using the straight-line method. If there is an indication that there has been a significant change in the amortisation rate, useful life or residual value of an intangible asset, the amortisation is revised prospectively to reflect the new expectations.

Available-for-sale investments

Available-for-sale investments represent donated artworks being held for sale during future charity auctions, and are stated at the lower of cost and net realisable value. Cost is determined using the specific identification method. Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs necessary to make the sale.

When available-for-sale investments are sold, the carrying amount of those available-for-sale investments is recognised as an expense in the period in which the related income is recognised. The amount of any write-down of available-for-sale investments to net realisable value and all losses of available-for-sale investments are recognised as an expense in the period the write-down or loss occurs. The amount of any reversal of any write-down of available-for-sale investments is recognised as a reduction in the amount of available-for-sale investments recognised as an expense in the period in which the reversal occurs.

2. Basis of preparation and accounting policies (continued)

Impairment of non-financial assets, other than inventories

At each reporting date, property, plant and equipment, intangible assets, and available-for-sale investments are reviewed to determine whether there is any indication that those assets have suffered an impairment loss. If there is an indication of possible impairment, the recoverable amount of any affected asset (or group of related assets) is estimated and compared with its carrying amount. If an estimated recoverable amount is lower, the carrying amount is reduced to its estimated recoverable amount, and an impairment loss is recognised immediately in income and expenditure.

If an impairment loss subsequently reverses, the carrying amount of the asset (or group of related assets) is increased to the revised estimate of its recoverable amount, but not in excess of the amount that would have been determined had no impairment loss been recognised for the asset (group of related assets) in prior years. A reversal of an impairment loss is recognised immediately in income and expenditure.

Inventories

Inventories are stated at the lower of cost and net realizable value. Cost represents purchase cost and in general, costs are assigned to individual items on the weighted average cost basis. Net realizable value is the price at which stocks can be sold or consumed in the normal course of business after allowing for the costs of realization.

Accounts receivables

Accounts receivables are recognised initially at the transaction price. They are subsequently measured at amortised cost using the effective interest method, less provision for impairment. A provision for impairment of accounts receivables is established when there is objective evidence that the Group will not be able to collect all amounts due according to the original terms of the receivables.

Cash and cash equivalents

Cash and cash equivalents include cash on hand, demand deposits and other short-term highly liquid investments with original maturities of three months or less.

Accounts payables

Accounts payables are recognised initially at the transaction price and subsequently measured at amortised cost using the effective interest method.

Foreign currency translation

(a) Functional and presentation currency

Items included in the combined financial statements are measured using the currency of the primary economic environment in which the component entities operate (the functional currency). These combined financial statements are presented in United States Dollars, which is the Group's presentation currency.

2. Basis of preparation and accounting policies (continued)**Foreign currency translation (continued)****(b) Transactions and balances**

Foreign currency transactions are translated into the presentation currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in income and expenditure.

Employee benefit obligations

Salaries, bonuses, paid annual leave, contributions to defined contribution retirement plans and the cost of non-monetary benefits are accrued in the year in which the associated services are rendered by employees. Where payment or settlement is deferred and the effect would be material, these amounts are stated at their present value.

Related parties

For the purpose of these combined financial statements, related party includes a person and entity as defined below:

- (a) A person or a close member of that person's family is related to the Group and its component entities if that person:
 - (i) is a member of the key management personnel of the Group and its component entities or of a parent of the Group and its component entities;
 - (ii) has control over the Group and its component entities; or
 - (iii) has joint control or significant influence over the reporting entity or has significant voting power in it.

- (b) An entity is related to the Group and its component entities if any of the following conditions applies:
 - (i) the entity and the Group and its component entities are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others).
 - (ii) either entity is an associate or joint venture of the other entity (or of a member of a group of which the other entity is a member).
 - (iii) both component entities are joint ventures of a third entity.
 - (iv) either entity is a joint venture of a third entity and the other entity is an associate of the third entity.
 - (v) the entity is a post-employment benefit plan for the benefit of employees of either the Group and its component entities or an entity related to the Group and its component entities. If the reporting entity is itself such a plan, the sponsoring employers are also related to the plan.
 - (vi) the entity is controlled or jointly controlled by a person identified in (a).
 - (vii) a person identified in (a)(i) has significant voting power in the entity.

Operating leases

Rentals payable under operating leases are charged to income and expenditure on a straight-line basis over the term of the relevant lease.

3. Key sources of estimation uncertainty**Allowance for impairment of accounts receivables**

Allowance for impairment of accounts receivables are assessed and provided based on the directors' regular review of ageing analysis and evaluation of collectibility. A considerable level of judgement is exercised by the directors when assessing the creditworthiness and past collection history of each individual debtor. Any increase or decrease in the allowance for impairment of accounts receivables would affect income and expenditure in future years.

Property, plant and equipment and depreciation

The Group determines the estimated useful lives and related depreciation charges for the Group's property, plant and equipment. This estimate is based on the historical experience of the actual useful lives of property, plant and equipment of similar nature and functions. The Group will revise the depreciation charge where useful lives are different to those previously estimated, or it will write off or write-down technologically obsolete or non-strategic assets that have been abandoned or sold.

4. Taxation

No provision for Hong Kong profits tax was made in the combined financial statements, as all the income of the component entities are tax exempt during the year.

5. Property, plant and equipment

	Land and buildings USD	Construction in progress* USD	Fixtures, fittings and equipment USD	Motor vehicles USD	Total USD
Cost					
At 1 January, 2017	401,316	-	125,932	232,818	760,066
Additions	12,767	156,728	6,203	-	175,698
Write-off	(9,301)	-	(5,207)	(27,052)	(41,560)
Exchange adjustments	(122,941)	-	(2,759)	(28,957)	(154,657)
At 31 December, 2017	281,841	156,728	124,169	176,809	739,547
Accumulated depreciation					
At 1 January, 2017	178,916	-	92,286	142,284	413,486
Charge for the year	27,774	-	14,161	15,069	57,004
Write-off	(6,864)	-	(367)	(27,052)	(34,283)
Exchange adjustments	(39,865)	-	(853)	(15,888)	(56,606)
At 31 December, 2017	159,961	-	105,227	114,413	379,601
Carrying amount					
At 31 December, 2017	121,880	156,728	18,942	62,396	359,946

*Construction in progress represents a development project on a community complex in the Blue Skies Ger Village. The complex is expected to be available for use in 2018.

6. Intangible assets

	USD
Computer software	
Cost	
1 January, 2017	11,611
Exchange adjustment	1,766
31 December, 2017	13,377
Accumulated amortisation and impairment	
1 January, 2017	10,034
Annual amortisation	1,268
Exchange adjustment	1,481
31 December, 2017	12,783
Carrying amount	
31 December, 2017	594

7. Available-for-sale investments

Available-for-sale investments represent artwork donated by a photographer in the prior year, and is being held for sale during future charity auctions.

8. Donations received pending for distribution

The amount represents the donations received in previous years pending for distribution to Mongolia and Vietnam in 2018 for their project activities.

9. Component entities

At 31 December, 2017, particulars of the component entities are as follows:

Name of entity	Place of incorporation	Principal activities
Christina Noble Children's Foundation, Mongolia *	Mongolia	Helping Mongolian street children to maximise their potential, to serve children in need of emergency or long term medical care, and to provide them with educational opportunities and vocational training
Christina Noble Children's Foundation Vietnam *	Vietnam	Serving children in need of emergency and long term medical care, nutritional rehabilitation, educational opportunities, vocational training, job placement, and the protection of children at risk of economic and sexual exploitation
The Christina Noble Children's Foundation (Hong Kong) Limited *	Hong Kong	Charitable fundraising in order to support children at risk in Vietnam and Mongolia. The projects being funded are focused on education, health care, and community development

9. Component entities (continued)

Name of entity	Place of incorporation	Principal activities
The Christina Noble Children's Foundation (Ireland) Company Limited by Guarantee *	Ireland	The relief of poverty, sickness and advancement of education in any part of the world and in particular to support the work of the Foundation's Children's Medical and Social Enterprise Centers in Vietnam and Mongolia
The Christina Noble Children's Foundation Limited *	United Kingdom	The relief of poverty, sickness and advancement of education in any part of the world, in particular to support the work of the Sunshine Social and Medical Center in Vietnam, the medical and educational programmes and Blue Skies Ger Village in Mongolia
Christina Noble Childrens Foundation Inc *	Australia	Fund raising for child support services in Asia
Association Christina Noble France #	France	Fighting against the extreme poverty of children in Vietnam and Mongolia, to give them a happy childhood
The Christina Noble Foundation of America *	USA	Serving vulnerable children in Vietnam and Mongolia who are in need of medical care, nutritional rehabilitation, educational opportunities, vocational training, and job placement, who would otherwise be at high risk of sexual and commercial exploitation

* The component entities are audited by individual statutory auditors with audit opinion issued without modification.

Audited accounts are not required

10. Commitments under operating leases

The Group entered into commercial leases on certain premises.

At 31 December, 2017, the Group had outstanding commitments under non-cancellable operating leases that fall due as follows: -

	2017	2016
	USD	USD
Within one year	21,336	32,089
Later than one year	28,709	46,455
	50,045	78,544