

KURDISTAN CHILDREN'S HOSPITAL FOUNDATION

(A charitable company limited by guarantee)

Financial Statements

For the year ended 31 December 2017

UK Registered Company Number-8384963



**Kurdistan Children's Hospital Foundation**  
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# Kurdistan Children's Hospital Foundation

(a charitable company limited by guarantee)

## Trustees' Annual Report

1 January 2017 – 31 December 2017

Charity number: 1153174

Company number: 8384963

- 1 **REFERENCE AND ADMINISTRATION DETAILS**
  - 1.1 **Charity details**
    - 1.1.1 Charity name: Kurdistan Children's Hospital Foundation (the "**Foundation**")
    - 1.1.2 Charity registration number: 1153174
    - 1.1.3 Company registration number: 8384963
    - 1.1.4 Registered Office and Principal Office address: Suite 1, 3<sup>rd</sup> Floor, 11-12, St. James's Square, London, England, SW1Y 4LB
  - 1.2 **Trustees of the Charity**

**Trustees on the date of approval of Report**

    - 1.2.1 Dr Rang Nouri Shawis - Trustee Director (appointed by Oryx Petroleum Middle East Limited ("Oryx")/Hevee Organisation ("Hevee"))
    - 1.2.2 Dr Nawdary Bewar Barzan – Trustee Director (appointed by Hevee on 02<sup>nd</sup> March, 2017)
    - 1.2.3 Mr Fakhri Hussein Mahmood – Trustee Director (appointed by Hevee on 02<sup>nd</sup> March, 2017)

**Trustees who served for some period in the financial year but later resigned**

    - 1.2.4 Mr Michael Samuel Ebsary - Trustee Director (appointed by Oryx/Hevee, resigned on 27<sup>th</sup> February, 2017))
    - 1.2.5 Mr Enrique Antonio Legarre - Trustee Director (appointed by Oryx/Hevee, resigned on 27<sup>th</sup> February, 2017))
  - 1.3 **Senior management team/staff members:**
    - 1.3.1 There were no senior management team/staff members during the year under review. The previous Senior management team were discharged from their positions on 31 August 2015 as part of the "mothballing" strategy adopted by the Trustees, as reported in Trustee Report for FY2015 and FY2016.
  - 1.4 **Names and addresses of advisers:**
    - 1.4.1 **Chartered Accountants** - Dryden Associates SA, 6 Avenue Jules Crosnier, 1206 Champel, Geneva, Switzerland
    - 1.4.2 **Bankers** - Barclays Bank, 1 Churchill Place, London E14 5HP, United Kingdom
    - 1.4.3 **Bankers** - Kurdistan International Bank, Kirkuk Rd, Erbil 066, Iraq
- 2 **STRUCTURE, GOVERNANCE AND MANAGEMENT**
  - 2.1 **Governing document**
    - 2.1.1 The Foundation is a charitable company limited by guarantee, incorporated on 1 February 2013, and registered as a charity on 1 August 2013.
    - 2.1.2 The charitable company was established under a Memorandum of Association, and is governed by its Articles of Association.
    - 2.1.3 *The charitable company was dissolved via compulsory strike-off by the Companies House on 20 February 2018 due to non-filing of statutory documents. The Foundation could not file the requisite documents in time due to non-availability of information from the previous management. However, the Foundation is in the process of filing the documents, and will request for the administrative restoration of the company.*

## **2.2 Organisational structure**

- 2.2.1 Oryx Petroleum Middle East Limited (Oryx) and Hevee Organisation (Hevee) are the Members of the Foundation and have the right of appointment, or termination of appointment, of Trustee Directors. Oryx is an oil and gas exploration and production company based in Canada. Hevee is a not-for-profit organisation in the Kurdistan Region of Iraq.
- 2.2.2 The Foundation has prepared formal policies and procedures for the induction and training of Trustee Directors.
- 2.2.3 Under the Memorandum and Articles of Association, the Trustee Directors are responsible for the day-to-day management and administration of the business of the Foundation.
- 2.2.4 The senior management team in the past was appointed by an independent sector healthcare provider in the United Kingdom, and was responsible for the final commissioning of the hospital, and establishing policies, procedures and quality of care based on UK National Health Service Standards. The Chief Operating Officer was responsible for operational performance and service delivery of the Foundation. However, there were no senior management team/staff members during the year under review.

## **2.3 Related parties**

- 2.3.1 It is the Foundation's intention to work with the Ministry of Health of the Kurdistan Regional Government to identify key priorities and a strategic approach to improving the health care of children across the region including support with training, education and standardisation of care/treatment.
- 2.3.2 In April 2017, the University of Kurdistan Hewlêr, a public university teaching medicine besides other fields of study, was engaged to restart the operations of the hospital of the Foundation. However, the operations have still not resumed.
- 2.3.3 The Foundation does not currently work with any other charities or organisations to achieve its aims.
- 2.3.4 The Trustee Directors were appointed by the founding members of the Charity, and these founding members were also the major donors to the Charity. The goals of these donors' initial contributions have been achieved even though the operations of the Hospital had to be suspended later as part of the "mothballing" strategy adopted by the Trustees.

## **2.4 Risk management**

- 2.4.1 The Trustee Directors have reviewed the major risks to which the Foundation is currently exposed, and systems and procedures are in place to manage these to the extent it is within the means of the Foundation.
- 2.4.2 The Trustee Directors periodically undertake a review of the risks to which the Foundation is exposed, and then develop or amend procedures and systems, as necessary. As long as the hospital was operational, the input of the senior management team was sought in this regard.
- 2.4.3 Until the hospital was operational, a part of the Chief Operating Officer's role was to establish and chair a weekly executive committee meeting with a standard agenda. This included commissioning progress, and operational readiness reporting. In addition, in each meeting risks were assessed, considered/mitigated. A risk register was maintained and managed by the Head of Quality and Risk. On 31 August 2015, the Trustees adopted a "mothballing" strategy aimed at preserving the hospital facilities and the Foundation cash balance until sufficient funding for the hospital operations is obtained. The Chief Operating Officer was discharged from his position in 2015 as part of this strategy. This strategy remains in place during the Financial Year 2017.

- 2.4.4 Reliance on the Hevee Organization and the Kurdistan Regional Government to provide additional financial contributions for the first few years of operations of the Charity has been recognized by the Trustee Directors as a risk.

### **3 THE FOUNDATION'S AIMS AND OBJECTIVES**

#### **3.1 Summary**

- 3.1.1 The Foundation is established for exclusively charitable purposes (being purposes which are charitable under the law of England and Wales) for the public benefit, in the Kurdistan Region of Iraq (and worldwide), including in particular (but not limited to):

- (a) the relief of those in need whether because of poverty, youth ill-health, disability or other disadvantage;
- (b) the advancement of health and the saving of lives; and
- (c) such other charitable purposes, which are beneficial to the public and which are consistent with the objects stated above, as the Trustees shall in their absolute discretion determine.

- 3.1.2 The Foundation's activities, which consist of overseeing the performance and managing the Kurdistan Children's Hospital operations have been suspended due to the financial difficulties the Foundation is currently experiencing. If and when sufficient funding becomes available and once this infrastructure has been put in place, the Foundation will proceed to carry out the main activities for which it was established as appropriate.

- 3.1.3 In April 2017, the University of Kurdistan Hewlêr, a public university teaching medicine besides other fields of study, was engaged to restart the operations of the Hospital of the Foundation. However, the Hospital has still not resumed clinical operations. The University is, however, maintaining the building and equipment of the Hospital since then.

- 3.1.4 Once restarted, the Foundation will endeavour to work alongside local healthcare organisations with the support of the government of the Kurdistan Region of Iraq, to provide services to the local and regional population. Its activities will include supervising the management and running of the hospital and arranging on-going funding.

#### **3.2 Activities**

##### **3.2.1 The Foundation's activities**

- (a) The Trustees adopted a "mothballing" strategy in August 2015 aimed at preserving the hospital facilities and the Foundation cash balance until sufficient funding for the hospital operations is obtained. This strategy remains in place during the Financial Year 2017. As part of this strategy, the University of Kurdistan Hewlêr is maintaining the building and equipment of the Hospital at its cost.
- (b) The Trustees previously engaged a UK healthcare consultancy to project manage the introduction of clinical pathways, and to establish UK standards of healthcare for the hospital to achieve ISO 9001 and Care Quality Commission registration by the end of 2016. The contract with the UK healthcare consultancy was not renewed as part of the "mothballing" strategy.
- (c) The Foundation does not currently make use of volunteers in carrying out its activities.

### 3.3 **Future activities**

#### 3.3.1 **The hospital**

- (a) If and when sufficient funding is available, the operations of the hospital will be resumed. Subsequent phases will see the development of medical inpatient services, intensive care, obstetric and neonatal services and the introduction of emergency services. The hospital will comprise a one hundred and forty (140) bed modern, specialised, children and maternity hospital, which will provide inpatient and ambulatory care. Clinical departments will include paediatric medicine and surgery, cardiac surgery, obstetrics including foetal medicine, fertility, labour, delivery as well as a well woman clinic.
- (b) The site will also contain staff residences for doctors and nurses, which will ensure that consistent care is available to the hospital's patients and assist with morale among the workforce. The Foundation will operate the hospital to provide a high quality of health service for children and their families.

#### 3.3.2 **The Foundation's activities**

- (a) When sufficient funding is available, the Foundation will seek to recruit appropriate staff for the hospital. Recruitment will be managed by the hospital human resource department with agency support, if required, in line with the phased opening already described. The Trustees believe that the selection of staff who are well trained, as well as being able to work to international standards of care and adapt to the environment and local conditions, is vital to achieve a respected and welcoming hospital.
- (b) Subject to sufficient funding being obtained, the Foundation's focus will be on facilitating the provision of high quality care to children and to expectant women, and will be the first hospital dedicated to such care in the Kurdistan Region of Iraq. On a day to day basis, the hospital management team will ensure that the hospital is operating efficiently and safely to provide the highest level of care possible, and will be responsible for maintaining staffing levels, ensuring the up-to-date training of staff, as well as monitoring the performance of staff, departments, finances and the hospital in general. Once operational, the hospital chief operating officer, supported by the management team, will provide evidence of performance management to the Foundation Board at its periodic meetings. The Foundation will regularly review the performance of the hospital and the services provided to patients and families.
- (c) In the absence of appropriate funding, the Foundation will look at suitable arrangements to be effected. One potential action is to identify other charities with objects similar to those of the Foundation, to which the Foundation can sell or donate the Foundation's assets, such that the hospital *can be used for the purposes it was originally intended by the Foundation*. The Foundation would then be wound up in an orderly manner following the completion of this action. If the Foundation's cash balance becomes negative, the Foundation plans to sell assets to meet its liabilities.

### 3.4 **Public benefit owing to the Foundation's current and future activities**

The Hospital that has been constructed will enable the Foundation to coordinate the provision of medical care to the proximate Iraqi community. All future activities will focus on the provision of services within the hospital and necessarily the management and sustainable funding of the hospital. All such activities are undertaken to further the Foundation's charitable purposes for the public benefit.

### 3.5 **Statutory declaration by Trustees**

*The Charity Trustees hereby declare that they have had due regard to the guidance published by the Charity Commission on public benefit.*

## 4 **BUSINESS REVIEW: ACHIEVEMENTS AND PERFORMANCE**

4.1 This section and the next together form the Business Review (or Strategic Report) as required by the Companies Act in lieu of a separate document. As detailed above, the main activities of the Foundation for the year under review concerned adopting a “mothballing” strategy aimed at preserving the hospital facilities and the Foundation cash balance until sufficient funding for the hospital operations is obtained. This strategy remains in place during the Financial Year 2017.

### 4.2 Opening of the hospital

4.2.1 Subject to successful commissioning, opening of the facility was planned gradually in 3 phases. Phase 1 would be limited to outpatients, diagnostics, day case surgery ramping up over 2 further phases to a fully operational hospital within 12 months. This slipped due to the dire circumstances highlighted above. At the date of this Report, the financial situation of the Foundation was still determined to be extremely sensitive, as the funds raised were only sufficient to cover minimal costs for the preservation and maintenance of the hospital building and equipment.

### 4.3 Risks and uncertainties identified

4.3.1 The management team of the hospital had conducted formal risk analysis and maintained a risk register where the principal risks and uncertainties facing the Foundation are listed and assessed, and are communicated to the Board. The principal risks and uncertainties facing the Foundation are possible delays in the hospital commissioning and final delivery, difficulties in recruiting and sourcing specialist staff, and most importantly additional funding.

4.3.2 The Foundation's activities, have been suspended due to the absence of ongoing funding sources. The Trustees adopted a “mothballing” strategy aimed at preserving the hospital facilities and the Foundation's cash balance until sufficient funding for the hospital operations is obtained. If and when sufficient funding becomes available, the Foundation will proceed to carry out the main activities for which it was established, as appropriate. In the absence of appropriate funding, the Foundation has actively looked for suitable arrangements to be effected, including identifying other charities with similar objects to those of the Foundation, to which the Foundation can sell or donate the Foundation's assets, such that the hospital can be used for the purposes it was originally intended by the Foundation. The Foundation would then be wound up in an orderly manner following the completion of this action.

4.3.3 In April, 2017, the University of Kurdistan Hewlêr, a public university teaching medicine besides other fields of study, was engaged to restart the operations of the hospital of the Foundation. However, the hospital has still not resumed clinical operations. The University is, however, maintaining the building and equipment of the hospital since then.

4.3.4 Consequently, the Financial Statements of the Kurdistan Children's Hospital Foundation (the “Foundation”) have been prepared on a basis other than going concern which assumes that the Foundation's assets will be liquidated and its liabilities will be settled within one year of the Foundation's Board of Directors approving these Financial Statements.



## **5 BUSINESS REVIEW: FINANCIAL REVIEW**

### **5.1 Summary**

5.1.1 The Foundation did not have any income during the period from 1 January 2017 to 31 December 2017 (2016: 0).

5.1.2 The Financial Statements of the Kurdistan Children's Hospital Foundation (the "Foundation") have been prepared on a basis other than going concern, which assumes that the Foundation's assets will be liquidated and its liabilities will be settled within one year of the Foundation's Board of Trustees approving these Financial Statements. The Foundation's tangible fixed assets are presented on the Balance Sheet as at 31 December 2017 at their amortized historical cost less depreciation. As the financial statements are being prepared on break-up basis since FY2015, the entire cost was charged as depreciation in the FY2015.

5.1.3 Except as described above, the Financial Statements have been prepared in accordance with the applicable UK accounting standards (UK Generally Accepted Accounting Practice). In particular, they comply with the Companies Act 2006, Charities Act 2011, the Charities (Accounts and Reports) Regulations 2008, and the Statement of Recommended Practice: Accounting and Reporting by Charities applicable to charities preparing their accounts in accordance with the Financial Reporting Standard Applicable in the UK and Republic of Ireland (FRS 102), in all material respects.

5.1.4 The Foundation holds surplus funds in low-risk bank deposit accounts. However, the balance of the Foundation in Current Accounts with the Barclays Bank aggregating USD 36,592 has been remitted by the bank to the Crown, as Bona Vacantia consequent upon the dissolution of the company via compulsory strike-off. The Foundation will reclaim the money once the administrative restoration of the company takes place.

5.1.5 The Foundation has recorded a deficit due to the lack of incoming resources during the period. The Trustees adopted a "mothballing" strategy aimed at preserving the hospital facilities and the Foundation's cash balance until sufficient funding for the hospital operations is obtained. If and when sufficient funding becomes available, the Foundation will proceed to carry out the main activities for which it was established, as appropriate. In the absence of appropriate funding, the Foundation will look at suitable arrangements to be effected. One potential action is to identify other charities with similar objects to those of the Foundation, to which the Foundation can sell or donate the Foundation's assets, such that the hospital can be used for the purposes it was originally intended by the Foundation. The Foundation would then be wound up in an orderly manner following the completion of this action.

### **5.2 Reserves policy**

5.2.1 As of 31 December 2017, the Foundation reserves (being the Foundation's net unrestricted funds less fixed assets less short-term creditors less long term creditors) were in the negative at USD 2,827,886 (2016: USD2,812,693).

5.2.2 The Foundation will, when needed, prepare a formal investment and reserves policy which will be adopted when the Foundation begins its operation of the hospital facilities.

### **5.3 Statement of Trustees' responsibilities**

5.3.1 The Trustees, who are also directors of the Foundation for the purposes of company law, are responsible for preparing the Trustees' Report, including the Business Review contained at paragraphs 4 and 5 therein, and the financial statements in accordance with applicable law and regulations.

5.3.2 The Company law requires the Trustees to prepare financial statements for each financial year. Under the Company Law, the Trustees must not approve the financial

statements unless they are satisfied that they give a true and fair view of the state of affairs of the charitable company and of the incoming resources and application of resources, including the income and expenditure, of the charitable company for that period. In preparing these financial statements, the Trustees are required to:

- (a) select suitable accounting policies and then apply them consistently,
- (b) observe the methods and principles in the Charity SORP,
- (c) make judgements and estimates that are reasonable and prudent,
- (d) state whether applicable UK Accounting Standards have been followed, and
- (e) prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charitable company will continue in business.

5.3.3 The Trustees are responsible for keeping adequate accounting records that are sufficient to show and explain the charitable company's transactions and disclose with reasonable accuracy at the time the financial position of the charitable company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the charitable company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

5.3.4 For the year ending 31<sup>st</sup> December, 2017, the charitable company was entitled to exemption from audit under section 477 of the Companies Act 2006 relating to small companies. The members have not required the charitable company to obtain an audit on its accounts for the year in question in accordance with section 476 of the Companies Act 2006. The Trustee Directors acknowledge their responsibilities for complying with the requirements of the Act with respect to 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.

5.3.5 For the year ending 31<sup>st</sup> December, 2017, the Charities' Act scrutiny arrangements do not apply to the charitable company, as it does not attract either of the thresholds.

5.3.6 The Trustees are responsible for the maintenance and integrity of the corporate and financial information where included on the charitable company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

## 6 DECLARATION

This report has been prepared in accordance with the Charities (Accounts and Reports) Regulations 2008 read with the Statement of Recommended Practice: Accounting and Reporting by Charities applicable to charities preparing their accounts in accordance with the Financial Reporting Standard Applicable in the UK and Republic of Ireland (FRS 102).

The Trustees hereby declare that they have approved the above report, including the content required for the Business Review in paragraphs 4 and 5.

Signed on behalf of the Board

.....  
Dr. Bewar Nawdary  
Trustee Director

22 January 2019

**Kurdistan Children's Hospital Foundation**  
**Statement of Financial Activities**  
**(Including Income and Expenditure Account)**  
**For the year ended 31 December 2017**

		<b>Year ended 31 Dec. 2017 Unrestricted Fund USD</b>	<b>Year ended 31 Dec. 2016 Unrestricted Fund USD</b>
	<b>Note</b>		
<b>Incoming resources</b>			
<b>Incoming resources from generated fund</b>			
Voluntary income	4	0	0
<b>Other incoming resources</b>			
Foreign exchange gains		0	0
<b>Total incoming resources</b>		<u>0</u>	<u>0</u>
<b>Resources expended on charitable activities and governance</b>			
Charitable activities	5	(187)	46,354
Governance costs	6	15,418	36,632
<b>Total resources expended on charitable activities and governance</b>		<u>15,231</u>	<u>82,986</u>
<b>Other resources expended</b>			
Interest paid		8	957
Foreign exchange losses		(46)	(21)
Provision against fixed assets		0	0
<b>Total other resources expended</b>		<u>(37)</u>	<u>937</u>
<b>Total resources expended</b>		<u>15,193</u>	<u>83,923</u>
<b>Net (loss) for the year</b>		<u>(15,193)</u>	<u>(83,923)</u>
<b>Reconciliation of funds</b>			
Total funds brought forward		(2,812,693)	(2,728,769)
<b>Total funds carried forward</b>		<u>(2,827,886)</u>	<u>(2,812,693)</u>

There are no gains or losses apart from those recognised above. All incoming resources, and resources expended derive from operating activities. All funds are unrestricted.

**Kurdistan Children's Hospital Foundation**  
**Balance Sheet**  
**As at 31 December 2017**

	<b>Note</b>	<b>31 Dec. 2017 USD</b>	<b>31 Dec. 2016 USD</b>
<b>Non-current assets</b>			
Tangible fixed assets	<b>8</b>	-	-
<b>Total non-current assets</b>		-	-
<b>Current Assets</b>			
Cash at bank and in hand		37,262	57,655
<b>Total current assets</b>		37,262	57,655
<b>Creditors falling due within one year</b>	<b>9</b>	2,865,148	2,870,348
<b>Net current assets</b>		(2,827,886)	(2,812,693)
<b>Net assets</b>		(2,827,886)	(2,812,693)
<b>The funds of the charity</b>			
<b>Unrestricted funds</b>		(2,827,886)	(2,812,693)

For the year ending December 31, 2017, the company was entitled to exemption from audit under section 477 of the Companies Act 2006 relating to small companies.

The members have not required the company to obtain an audit of its accounts for the year in question in accordance with section 476.

The directors acknowledge their responsibilities for complying with the requirements of the Act with respect to 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.

The financial statements on pages 1 to 9 were approved on 22nd January, 2019 by the Board, and signed on its behalf by

Dr. Bewar Nawdary  
Trustee Director  
UK Registered Company Number - 8384963

22 January, 2019

**Kurdistan Children's Hospital Foundation**  
**Cash Flow Statement**  
**For the year ended 31 December 2017**

	<b>Note</b>	<b>Year ended 31 Dec. 2017 USD</b>	<b>Year ended 31 Dec. 2016 USD</b>
Cash (utilised) from operations	<b>10</b>	(20,431)	(127,788)
Interest paid		(8)	(957)
<b>Net cash(outflow) from operating activities</b>		<u>(20,439)</u>	<u>(128,745)</u>
<b>Financial investment and capital expenditure</b>			
Purchase of tangible fixed assets		0	0
<b>Net cash outflow for financial investment and capital expenditure</b>		<u>0</u>	<u>0</u>
<b>Net (decrease) in cash</b>		(20,439)	(128,745)
Cash at bank and in hand at the beginning of the year		57,655	186,381
Effects of exchange rate changes on the balance of cash held in foreign currencies		46	21
<b>Cash at bank and in hand at the end of the year</b>		<u>37,262</u>	<u>57,655</u>

**Kurdistan Children's Hospital Foundation**  
**Notes to the Financial statements**  
**For the year ended 31 December 2017**

**1 Accounting policies**

**Basis of preparation and accounting convention**

The Foundation's activities, which consist of overseeing the performance and managing the development of the children's hospital construction and operation, have been suspended due to the absence of ongoing *funding sources*. The initial phase of the development of the hospital commenced in April 2015 and was suspended in August 2015. The Trustees have adopted a "mothballing" strategy aimed at preserving the hospital facilities and the Foundation's cash balance until sufficient funding for the hospital operations is obtained. If and when sufficient funding becomes available, the Foundation will proceed to carry out the main activities for which it was established, as appropriate. In the absence of appropriate funding, the Foundation will look at suitable arrangements to be effected. One potential action is to identify other charities with objects similar to those of the Foundation, to which the Foundation can sell or donate the Foundation's assets, such that the hospital can be used for the purposes it was originally intended by the Foundation. The Foundation would then be wound up in an orderly manner following the completion of this action.

Consequently, the Financial Statements of the Kurdistan Children's Hospital Foundation (the "Foundation") have been prepared on a break-up basis which assumes that the Foundation's assets will be liquidated and its liabilities will be settled within one year of the Foundation's Board of Directors approving these Financial Statements.

Except as described above, the Financial Statements have been prepared in accordance with applicable UK accounting standards (UK Generally Accepted Accounting Practice). In particular, they comply with the Companies Act 2006, Charities Act 2011, the Charities (Accounts and Reports) Regulations 2008 and FRS 102.

**Accounting policies**

Accounting policies have been reviewed in accordance with FRS 102.

**Incoming resources**

Incoming resources are recognised in the period in which the Foundation is entitled to receipt, any conditions are met and where the amount can be quantified with reasonable certainty. Donations in kind are recognised when they are certain and measurable.

**Resources expended**

All resources expended are recognised on an accrual basis. Support costs are those costs that do not produce or constitute the output of the charitable activity. Governance costs include the costs of governance arrangements that relate to the general running of the Foundation as opposed to those costs associated with charitable activities. These costs include such items as external audit and legal advice for those charged with governance and costs associated with constitutional and statutory requirements.

**Kurdistan Children's Hospital Foundation**  
**Notes to the Financial statements**  
**For the year ended 31 December 2017**

**1 Accounting policies (continued)**

**Tangible fixed assets**

Tangible fixed assets, excluding land, held by the Foundation are stated at cost less accumulated depreciation. Land is stated at cost. They are subject to review for impairment when there is an indication of a reduction in their carrying value. Any impairment is recognised in the year in which it occurs.

Depreciation is calculated using the straight-line method to allocate the cost of each asset less its residual value over its estimated useful life. Depreciation commences from the date an asset is available for use. No depreciation is charged on assets in the course of construction.

The useful lives for depreciation purposes for the principal categories of assets are:

Buildings	20 years
Furniture, fixtures and fittings	3-15 years
Motor vehicles	5 years
Medical equipment	5 years

**Provisions**

Provisions are recognised when the Foundation has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation and the amount has been reliably estimated. Provisions are discounted to present value where the effect is material.

**Foreign currencies**

The functional currency of the Foundation is the United States Dollar (USD). Transactions denominated in foreign currencies are translated into US dollars at the exchange rates ruling at the date of transactions. Monetary assets and liabilities denominated in foreign currency are translated into US dollars at the rate ruling at the balance sheet date. All foreign exchange gains and losses, realised and unrealised are recognised in the Statement of Financial Activities.

**Taxation**

As a registered charity, the charity is exempt from taxation on its income and gains falling within part 11 of the Corporation Taxation Act 2010 or section 256 of the Taxation of Chargeable Gains Act 1992 to the extent that they are applied for charitable purposes. Legal advice taken points to the charity being exempt from taxation in the Kurdistan Region of Iraq.

**2 Funds Policy**

Donations have been made to fund the Foundation's charitable purposes for the public benefit in Kurdistan (and worldwide), in particular (but not limited to):

- (i) The relief of those in need whether because of poverty, youth ill-health, disability or other disadvantage;
- (ii) The advancement of health and the saving of lives; and
- (iii) Such other Charitable Purposes which are beneficial to the public and which are consistent with the objects stated above, as the Trustee Directors shall in their absolute discretion determine.

**3 Members**

The Foundation had two members throughout the period: Oryx Petroleum Middle East Ltd. and the Hevee Organisation.

**Kurdistan Children's Hospital Foundation**  
**Notes to the Financial statements**  
**For the year ended 31 December 2017**

**4 Voluntary income**

The following donations were made in the period:

	Year ended 31 Dec. 2017 USD	Year ended 31 Dec. 2016 USD
Member donations in cash	0	0
	<u>0</u>	<u>0</u>
Other donations in cash	0	0
	<u>0</u>	<u>0</u>

**5 Charitable activities**

	Year ended 31 Dec. 2017 USD	Year ended 31 Dec. 2016 USD
Support costs	(187)	46,354
	<u>(187)</u>	<u>46,354</u>

These costs relate to preparation activities for the Foundation's charitable activity of patient services which will be provided in the event the hospital opens. Personnel costs of USD 0 are included in support costs (2016: USD 0).

**6 Governance costs**

	Year ended 31 Dec. 2017 USD	Year ended 31 Dec. 2016 USD
Insurance	0	0
Legal and notary	15,415	35,529
Auditor's remuneration	0	1,104
Accounting and Consulting costs	3	0
Trustees expenses	0	0
	<u>15,418</u>	<u>36,632</u>

The Trustees received USD 0 (2016: USD 0), as remuneration during the year. The number of Trustees who received reimbursement of expenses during the year was 0 (2016: 0)



**Kurdistan Children's Hospital Foundation**  
**Notes to the Financial statements**  
**For the year ended 31 December 2017**

**7 Employee Information**

The Foundation had 0 employees, including agency staff for the year ending 31 December 2017 (2016: 0) whose total emoluments were USD 0 (2016: USD 0).

The number of employees whose emoluments were in excess of USD 100'000 was:

	Year ended 31 Dec. 2017	Year ended 31 Dec. 2016
	USD	USD
100,000-109,999	-	-
110'000-139'999	-	-
140,000-149,999	-	-
150,000-159,999	-	-

**8 Tangible Fixed Assets**

	Assets Under Construction	Furniture Fittings and Fixtures	Motor Vehicles	Medical Equipment	Total
	USD	USD	USD	USD	USD
<b>Cost</b>					
<b>As at 1 January 2017</b>	43,430,817	16,700	81,000	12,222,498	55,751,015
Additions	-	-	-	-	-
Disposals	-	-	-	-	-
<b>As at 31 December 2017</b>	43,430,817	16,700	81,000	12,222,498	55,751,015
<b>Accumulated depreciation</b>					
<b>As at 1 January 2017</b>	43,430,817	16,700	81,000	12,222,498	55,751,015
Charge for period	-	-	-	-	-
Disposals	-	-	-	-	-
<b>As at 31 December 2017</b>	43,430,817	16,700	81,000	12,222,498	55,751,015
<b>Net Book Value:</b>					
<b>As at 1 January 2017</b>	-	-	-	-	-
<b>As at 31 December 2017</b>	-	-	-	-	-

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**9 Creditors falling due within one year**

	<b>31 Dec. 2017</b>	<b>31 Dec. 2016</b>
	<b>USD</b>	<b>USD</b>
Accounts payable	2,865,148	2,865,148
Other accrued expenses	0	5,200
	<u>2,865,148</u>	<u>2,870,348</u>

**10 Reconciliation of Statement of Financial Activities to cash flow from operating activities**

	<b>31 Dec. 2017</b>	<b>31 Dec. 2016</b>
	<b>USD</b>	<b>USD</b>
Net (outgoing) resources before other recognised gains and losses	(15,231)	(82,986)
Decrease in prepayments	0	0
(Decrease) in creditors falling due within one year	(5,200)	(44,802)
(Decrease) in creditors falling due after one year	0	0
Depreciation	0	0
Cash (utilised in) from operations	<u>(20,431)</u>	<u>(127,788)</u>

**11 Related party transactions**

The related party donations made in the period were:

	<b>31 Dec. 2017</b>	<b>31 Dec. 2016</b>
	<b>USD</b>	<b>USD</b>
Member donations in cash	0	0
Member donations in kind	<u>0</u>	<u>0</u>
	<u>0</u>	<u>0</u>
Trustee donations in kind	0	0
	<u>-</u>	<u>0</u>

Fees of USD 0 (2016: USD 25,000) were paid to Oryx Petroleum, a member of the Foundation, for assistance in compliance issues.

The University of Kurdistan Hewlêr, engaged for restarting the operations of the hospital, is bearing the cost of maintenance of the hospital building, equipment and facilities.

Member expenses reimbursed were Nil. Trustee expenses reimbursed were Nil.

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**12 Commitments**

The Foundation has USD 4'884'874 of capital commitments related to the completion of the children's hospital in Erbil, Kurdistan Region of Iraq. The commitments comprise the following:

	<b>31 Dec. 2017</b>	<b>31 Dec. 2016</b>
	<b>USD</b>	<b>USD</b>
Construction equipment	-	-
Medical equipment	4,884,874	4,884,874
	<u>4,884,874</u>	<u>4,884,874</u>

**13 Events subsequent to the reporting date**

In April 2017, the University of Kurdistan Hewlêr, a public university teaching medicine besides other fields of study, was engaged to restart the operations of the Hospital of the Foundation. However, the Hospital has still not resumed clinical operations. The University is, however, maintaining the building and equipment of the Hospital since then.

The charitable company was dissolved via compulsory strike-off by the Companies House on 20 February 2018 due to non-filing of statutory documents. The Foundation could not file the requisite documents in time due to non-availability of information from the previous management. However, the Foundation is in the process of filing the documents, and will request for the administrative restoration of the company.

Out of the Cash at bank and in hand, a sum of USD36,592 (2016: 36,592) is not available for use by the Foundation since 26 February 2018 due to dissolution of the company by the Companies House on 20 February 2018. The Foundation will reclaim the amount once the company is restored.

Other than events described in the preceding paragraph, and in Note 1 of these financial statements regarding the basis of financial statement preparation, there have been no material events subsequent to the year end.