

CROSSROADS FOUNDATION LIMITED
國際十字路協會有限公司
(incorporated in Hong Kong as a Company limited by guarantee
and not having share capital)

**Directors' Reports and
Financial Statements
For the year ended 31 December 2014**

CROSSROADS FOUNDATION LIMITED
國際十字路協會有限公司

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Expressed in Hong Kong dollars ("HK\$")	

CROSSROADS FOUNDATION LIMITED
國際十字路協會有限公司
DIRECTORS' REPORT

The directors present their report and the audited consolidated financial statements for the year ended 31 December 2014.

PRINCIPAL ACTIVITIES

Crossroads Foundation Limited (the "Company") is a registered non-profit organisation based in Hong Kong. Its principal activities are :

- (a) Through Crossroads Global Distribution the organisation receives Hong Kong's quality superseded goods and redistributes them to people in need, locally and internationally;
- (b) Through Global Hand the organisation is linking for-profit and non-profit organisations to combat global need;
- (c) Through Global Handicrafts fairly traded goods are purchased from around the world and are made available for sale; and
- (d) Through Crossroads Global Village the organisation offers a themed, immersive environment where people can experience global need first hand.

The Company conducts its operations under the following registrations:

- SHIC (Hong Kong) Asian Health Services Exchange
- Global Hand
- P3 International
- Crossroads Global Distribution
- Crossroads Global Handicrafts
- Crossroads Global Village

The principal activity of Crossroads Global Village UK Limited, the subsidiary of the Company, is to support United Kingdom ("UK") business and charities seeking a partnership 'match' for their humanitarian and Corporate Social Responsibility programmes ("CSR programmes") by facilitating use of Global Hand website and offering themed, immersive environment for experience global need first hand.

RESULTS AND APPROPRIATIONS

The results of the Group for the year ended 31 December 2014 and the state of affairs of the Group and the Company at that date are set out in the financial statements on pages 6 to 33.

CROSSROADS FOUNDATION LIMITED
國際十字路協會有限公司
DIRECTORS' REPORT

RESERVES

Details of movements in the reserves, comprising translation reserve and accumulated surplus, of the Group during the year are set out in the consolidated statement of changes in equity on page 10.

PROPERTY, PLANT AND EQUIPMENT

Details of movements in the property, plant and equipment of the Group and the Company are set out in note 9 to the financial statements.

SUBSIDIARY

Details of the Company's subsidiary at 31 December 2014 are set out in note 10 to the financial statements.

DIRECTORS

The directors of the Company during the year and up to date of this report are as follows:

David Lewis de Groen
Jane Rosemarie Henderson
Judy Joanne Butler
Malcolm Bruce Begbie
Sally Linda Begbie

In accordance with the Company's articles of association, all directors shall hold office for three years and be eligible for re-election.

DIRECTORS' INTERESTS IN CONTRACTS

No contract of significance to which the Company or its subsidiary was a party and in which a director of the Company had a material interest, whether directly or indirectly, subsisted at the end of the year or at any time during the year.

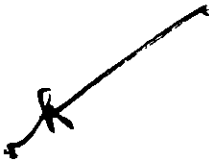
At no time during the year was the Company or its subsidiary a party to any arrangements to enable the directors of the Company to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate.

CROSSROADS FOUNDATION LIMITED
國際十字路協會有限公司
DIRECTORS' REPORT

AUDITOR

A resolution will be proposed at the forthcoming annual general meeting of the Company to re-appoint the auditor, BDO Limited.

For and on behalf of the Board



Chairman

Hong Kong, 7 October 2015



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**INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF CROSSROADS FOUNDATION LIMITED
國際十字路協會有限公司**

(incorporated in Hong Kong as a Company limited by guarantee and not having share capital)

We have audited the consolidated financial statements of Crossroads Foundation Limited 國際十字路協會有限公司 (the "Company") and its subsidiary (together the "Group") set out on pages 6 to 33, which comprise the consolidated and company statements of financial position as at 31 December 2014, and the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Directors' responsibility for the consolidated financial statements

The directors of the Company are responsible for the preparation of consolidated financial statements that give a true and fair view in accordance with Hong Kong Financial Reporting Standards issued by the Hong Kong Institute of Certified Public Accountants and the Hong Kong Companies Ordinance, Cap. 32 by operation of the transitional and saving provisions in Schedule 11 to the Hong Kong Companies Ordinance, Cap. 622, and for such internal control as the directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. This report is made solely to you, as a body, in accordance with Section 141 of the Hong Kong Companies Ordinance, Cap. 32 by operation of the transitional and saving provisions set out in Section 80 of Schedule 11 to the Hong Kong Companies Ordinance, Cap. 622, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

We conducted our audit in accordance with Hong Kong Standards on Auditing issued by the Hong Kong Institute of Certified Public Accountants. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of consolidated financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

BDO Limited
香港立信德業會計師事務所有限公司



**INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF CROSSROADS FOUNDATION LIMITED**

國際十字路協會有限公司

(incorporated in Hong Kong as a Company limited by guarantee and not having share capital)

Opinion

In our opinion, the consolidated financial statements give a true and fair view of the state of affairs of the Company and of the Group as at 31 December 2014, and of the Group's surplus and cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards and have been properly prepared in accordance with the Hong Kong Companies Ordinance, Cap. 32.

BDO Limited
Certified Public Accountants
CHIU Wing Cheung Ringo
Practising Certificate Number P04434

Hong Kong, 7 October 2015

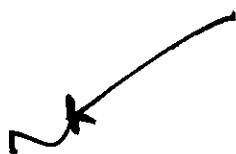
CROSSROADS FOUNDATION LIMITED
國際十字路協會有限公司
CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2014

	Notes	2014 HK\$	2013 HK\$
Income	5	18,540,900	13,146,801
Global handicrafts inventory expenses		(660,216)	(760,915)
Depreciation		(292,197)	(472,624)
Other operating expenses		<u>(15,346,560)</u>	<u>(14,043,519)</u>
Surplus/(Deficit) for the year	6	<u>2,241,927</u>	<u>(2,130,257)</u>
Other comprehensive income for the year			
- Exchange difference arising from translation of foreign operations		(5,848)	(29,232)
- Realised exchange differences on the liquidation of a subsidiary undertaking recycled from other comprehensive income		<u>-</u>	<u>128,445</u>
		<u>(5,848)</u>	<u>99,213</u>
Total comprehensive income for the year		<u><u>2,236,079</u></u>	<u><u>(2,031,044)</u></u>

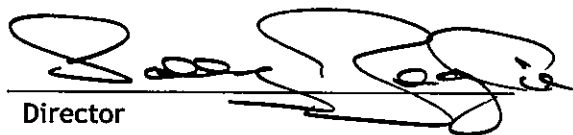
CROSSROADS FOUNDATION LIMITED
國際十字路協會有限公司
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2014

	Notes	2014 HK\$	2013 HK\$
ASSETS AND LIABILITIES			
Non-current assets			
Property, plant and equipment	9	<u>842,223</u>	<u>694,718</u>
Current assets			
Inventories	11	643,068	538,235
Other receivables	12	1,354,993	887,853
Cash and cash equivalents	13	<u>4,364,055</u>	<u>2,577,183</u>
		<u>6,362,116</u>	<u>4,003,271</u>
Current liabilities			
Other payables and accruals	14	2,179,072	2,030,634
Amounts due to directors	15	<u>466,914</u>	<u>345,081</u>
		<u>2,645,986</u>	<u>2,375,715</u>
Net current assets		<u>3,716,130</u>	<u>1,627,556</u>
Net assets		<u>4,558,353</u>	<u>2,322,274</u>
EQUITY			
Translation reserve		(16,296)	(10,448)
Accumulated surplus		<u>4,574,649</u>	<u>2,332,722</u>
Total equity		<u>4,558,353</u>	<u>2,322,274</u>

On behalf of the Board



Director




Director

CROSSROADS FOUNDATION LIMITED
國際十字路協會有限公司
STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2014

	Notes	2014 HK\$	2013 HK\$
ASSETS AND LIABILITIES			
Non-current assets			
Property, plant and equipment	9	<u>842,223</u>	<u>640,458</u>
Current assets			
Inventories	11	643,068	517,097
Other receivables	12	1,334,787	860,976
Amount due from a subsidiary	10	-	3,622
Cash and cash equivalents	13	<u>4,124,315</u>	<u>2,498,233</u>
		<u>6,102,170</u>	<u>3,879,928</u>
Current liabilities			
Other payables and accruals	14	2,061,004	2,016,548
Amounts due to directors	15	<u>466,914</u>	<u>345,081</u>
		<u>2,527,918</u>	<u>2,361,629</u>
Net current assets		<u>3,574,252</u>	<u>1,518,299</u>
Net assets		<u>4,416,475</u>	<u>2,158,757</u>
EQUITY			
Accumulated surplus		<u>4,416,475</u>	<u>2,158,757</u>

On behalf of the Board



Director



Director

CROSSROADS FOUNDATION LIMITED
國際十字路協會有限公司
CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2014

	2014 HK\$	2013 HK\$
Cash flows from operating activities		
Surplus/(Deficit) for the year	2,241,927	(2,130,257)
Adjustments for :		
Depreciation of property, plant and equipment	292,197	472,624
Loss on disposal of foreign operation	-	460,290
Loss on disposal of property, plant and equipment	42,378	-
Realised exchange differences on the liquidation of a subsidiary undertaking recycled from other comprehensive income	-	128,445
Interest income	(128)	(385)
Exchange translation difference	(6,897)	(15,030)
Operating surplus/(deficit) before working capital changes	2,569,477	(1,084,313)
(Increase)/Decrease in inventories	(104,833)	154,980
(Increase)/Decrease in trade and other receivables	(467,140)	433,520
Increase in other payables and accruals	148,438	1,173,688
Increase/(Decrease) in amounts due to directors	121,833	(12,870)
<i>Net cash generated from operating activities</i>	<u>2,267,775</u>	<u>665,005</u>
Cash flows from investing activities		
Interest received	128	385
Purchase of property, plant and equipment	(481,031)	(239,654)
<i>Net cash used in investing activities</i>	<u>(480,903)</u>	<u>(239,269)</u>
Net increase in cash and cash equivalents	1,786,872	425,736
Cash and cash equivalents at beginning of year	2,577,183	2,151,447
Cash and cash equivalents at end of year	<u>4,364,055</u>	<u>2,577,183</u>
Analysis of the balances of cash and cash equivalents		
Bank balances and cash	<u>4,364,055</u>	<u>2,577,183</u>

CROSSROADS FOUNDATION LIMITED
國際十字路協會有限公司
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2014

	Translation reserve HK\$	Accumulated surplus HK\$	Total HK\$
Balance at 1 January 2013	(109,661)	4,462,979	4,353,318
Deficit for the year	-	(2,130,257)	(2,130,257)
Other comprehensive income for the year			
- Exchange difference arising from translations of foreign operations	(29,232)	-	(29,232)
- Realised exchange differences on the liquidation of a subsidiary undertaking recycled from other comprehensive income	128,445	-	128,445
Total comprehensive income for the year	<u>99,213</u>	<u>(2,130,257)</u>	<u>(2,031,044)</u>
Balance at 31 December 2013 and 1 January 2014	(10,448)	2,332,722	2,322,274
Surplus for the year	-	2,241,927	2,241,927
Other comprehensive income for the year			
- Exchange difference arising from translations of foreign operations	(5,848)	-	(5,848)
Total comprehensive income for the year	<u>(5,848)</u>	<u>2,241,927</u>	<u>2,236,079</u>
Balance at 31 December 2014	<u>(16,296)</u>	<u>4,574,649</u>	<u>4,558,353</u>

CROSSROADS FOUNDATION LIMITED
國際十字路協會有限公司
NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2014

1. GENERAL INFORMATION

Crossroads Foundation Limited 國際十字路協會有限公司 (the "Company") is a registered non-profit organisation based in Hong Kong. The Company is a company limited by guarantee incorporated in Hong Kong. The address of the Company's registered office is 2 Castle Peak Road, Tuen Mun, Hong Kong.

The Company conducts its operations under the following registrations:

- SHIC (Hong Kong) Asian Health Services Exchange
- Global Hand
- P3 International
- Crossroads Global Distribution
- Crossroads Global Handicrafts
- Crossroads Global Village

Its principal activities are:

- (a) Through Crossroads Global Distribution the organisation receives Hong Kong's quality superseded goods and redistributes them to people in need, locally and internationally;
- (b) Through Global Hand the organisation is linking for-profit and non-profit organisations to combat global need;
- (c) Through Global Handicrafts fairly traded goods are purchased from around the world and are made available for sale; and
- (d) Through Crossroads Global Village the organisation offers a themed, immersive environment where people can experience global need first hand.

The principal activity of the Company's subsidiary is to support United Kingdom business and charities seeking a partnership 'match' for their humanitarian and CSR programmes by facilitating use of Global Hand website and offering themed, immersive environment for experience global need first hand. The Company and its subsidiary are collectively referred to as the "Group".

The consolidated financial statements are presented in Hong Kong dollars ("HK\$"), which is same as the functional currency of the Company.

The consolidated financial statements for the year ended 31 December 2014 were approved for issue by the board of directors on 7 October 2015.

CROSSROADS FOUNDATION LIMITED
國際十字路協會有限公司
NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2014

2. SIGNIFICANT ACCOUNTING POLICIES

2.1 Basis of preparation

The financial statements have been prepared in accordance with all applicable HKFRSs, Hong Kong Accounting Standards ("HKASs") and Interpretations (hereinafter collectively referred to as the "HKFRS") and the provisions of the Hong Kong Companies Ordinance which concern the preparation of financial statements, which for the financial year and the comparative period continue to be those of the Hong Kong Companies Ordinance, Cap. 32, in accordance with the transitional and saving arrangements for Part 9 of the Hong Kong Companies Ordinance, Cap. 622 "Accounts and Audit" which are set out in sections 76 to 87 of Schedule 11 to that Ordinance.

The consolidated financial statements have been prepared on the historical cost basis.

Accounting estimates and assumptions have been used in preparing these financial statements. Although these estimates and assumptions are based on management's best knowledge and judgment of current events and conditions, actual results may ultimately differ from those estimates and assumptions. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the Group's financial statements, are disclosed in note 4.

The significant accounting policies adopted in the preparation of these financial statements are summarised below. These policies have been consistently applied to all the years presented unless otherwise stated.

2.2 Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and entity controlled by the Company (its subsidiary) made up to 31 December each year.

All intra-group transactions, balances, unrealised gains and losses on transactions within the Group are eliminated in full on consolidation. Unrealised losses resulting from intercompany transaction are also eliminated unless the transaction provides evidence of an impairment of the asset transferred, in which case they are recognised immediately in profit or loss.

CROSSROADS FOUNDATION LIMITED
國際十字路協會有限公司
NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2014

2. SIGNIFICANT ACCOUNTING POLICIES

2.3 Subsidiary

A subsidiary is an investee over which the Company is able to exercise control. The Company controls an investee if all three of the following elements are present: power over the investee, exposure, or rights, to variable returns from the investee, and the ability to use its power to affect those variable returns. Control is reassessed whenever facts and circumstances indicate that there may be a change in any of these elements of control.

2.4 Property, plant and equipment

The cost of property, plant and equipment includes its purchase price and the costs directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are recognised as an expense in profit or loss during the financial period in which they are incurred.

Property, plant and equipment are depreciated so as to write off their cost or valuation net of expected residual value over their estimated useful lives on a straight-line basis. The useful lives, residual value and depreciation method are reviewed, and adjusted if appropriate, at the end of each reporting period. The useful lives are as follows:

Office equipment	20%
Computer equipment	20%
Warehouse equipment	20%
Photographic equipment	20%
Motor vehicle	20%
Leasehold improvements	The shorter of the useful life or remaining lease term

An asset is written down immediately to its recoverable amount if its carrying amount is higher than the asset's estimated recoverable amount.

The gain or loss on disposal of an item of property, plant and equipment is the difference between the net sale proceeds and its carrying amount, and is recognised in profit or loss on disposal.

CROSSROADS FOUNDATION LIMITED
國際十字路協會有限公司
NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2014

2. SIGNIFICANT ACCOUNTING POLICIES - Continued

2.5 Leasing

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to lessee. All other leases are classified as operating leases.

The Group as lessee

Operating lease payments are recognised as expenses in profit or loss on a straight-line basis over the lease term, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

In the event that lease incentives are received to enter into operating leases, such incentives are recognised as a liability. The aggregate benefit of incentives is recognised as a reduction of rental expense on a straight-line basis, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

2.6 Impairment of other assets

At the end of each reporting period, the Group reviews the carrying amount of property, plant and equipment to determine whether there is any indication that those assets have suffered an impairment loss or an impairment loss previously recognised no longer exists or may have decreased.

If the recoverable amount (i.e. the greater of the fair value less costs to sell and value in use) of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. An impairment loss is recognised as an expense immediately.

Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, to the extent that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior years. A reversal of an impairment loss is recognised as income immediately.

CROSSROADS FOUNDATION LIMITED
國際十字路協會有限公司
NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2014

2. SIGNIFICANT ACCOUNTING POLICIES - Continued

2.7 Financial instruments

(i) Financial assets

The Group's financial assets are classified as loans and receivables. The Group classified its financial assets at initial recognition, depending on the purpose for which the asset was acquired. Financial assets (other than financial assets at fair value through profit or loss) are initially measured at fair value plus transaction costs that are directly attributable to the acquisition of the financial assets. Regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. A regular way purchase or sale is a purchase or sale of a financial asset under a contract whose terms require delivery of the asset within the time frame established generally by regulation or convention in the marketplace concerned.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Subsequent to initial recognition, loans and receivables (including other receivables and cash and cash equivalents) are carried at amortised cost using the effective interest method, less any identified impairment losses (see accounting policy on impairment of financial assets below).

Impairment of financial assets

The Group assesses, at the end of each reporting period, whether there is any objective evidence that financial asset is impaired. Financial asset is impaired if there is objective evidence of impairment as a result of one or more events that has occurred after the initial recognition of the asset and that event has an impact on the estimated future cash flows of the financial asset that can be reliably estimated. Evidence of impairment may include:

- significant financial difficulty of the issuer or counterparty;
- breach of contract, such as default or delinquency in interest and principal payments;
- it becoming probable that the borrower will enter bankruptcy or financial re-organisation; and
- significant changes in the technological, market, economic or legal environment that have an adverse effect on the debtor.

CROSSROADS FOUNDATION LIMITED
國際十字路協會有限公司
NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2014

2. SIGNIFICANT ACCOUNTING POLICIES - Continued

2.7 Financial instruments - Continued

(i) Financial assets - Continued

Impairment of financial assets - Continued

Loss events in respect of a group of financial assets include observable data indicating that there is a measurable decrease in the estimated future cash flows from the group of financial assets. Such observable data include but not limited to adverse changes in the payment status of debtors in the group and, national or local economic conditions that correlate with defaults on the assets in the group.

Loans and receivables

For loans and receivables carried at amortised cost, an impairment loss is recognised in profit or loss when there is objective evidence that the asset is impaired, and is measured as the difference between the asset's carrying amount and the present value of the estimated future cash flows discounted at the original effective interest rate.

Impairment losses are reversed in subsequent periods when an increase in the asset's recoverable amount can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed to the extent that it does not result in a carrying amount of the financial asset exceeding what the amortised cost would have been had the impairment not been recognised at the date the impairment is reversed. The amount of the reversal is recognised in profit or loss of the period in which the reversal occurs.

(ii) Financial liabilities

The Group classifies its financial liabilities, depending on the purpose for which the liabilities were incurred. Financial liabilities at amortised costs are initially measured at fair value, net of directly attributable costs incurred.

Financial liabilities at amortised cost

Financial liabilities at amortised cost including other payables and accruals and amounts due to directors are subsequently measured at amortised cost, using the effective interest method.

CROSSROADS FOUNDATION LIMITED
國際十字路協會有限公司
NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2014

2. SIGNIFICANT ACCOUNTING POLICIES - Continued

2.7 Financial instruments - Continued

(iii) Effective interest method

The effective interest method is a method of calculating the amortised cost of a financial asset or financial liability and of allocating interest income or expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts or payments through the expected life of the financial asset or financial liability, or, where appropriate, a shorter period.

(iv) Derecognition

The Group derecognises a financial asset only when the contractual rights to the cash flows in relation to the financial asset expire or when the financial asset has been transferred and the transfer meets the criteria for derecognition in accordance with HKAS 39.

Financial liabilities are derecognised when the obligation specified in the relevant contract is discharged, cancelled or expired.

2.8 Inventories

Inventories are initially recognised at cost, and subsequently at the lower of cost and net realisable value. Cost comprises all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition. Cost is calculated using the weighted average method/first-in first out method. Net realisable value represents the estimated selling price in the ordinary course of business less the estimated costs necessary to make the sale.

2.9 Cash and cash equivalents

Cash and cash equivalents include cash on hand and at banks, including demand deposit and short term highly liquid investments that are readily convertible into known amounts of cash, are subject to an insignificant risk of changes in value, and have a short maturity of generally within three months or less when acquired.

CROSSROADS FOUNDATION LIMITED
國際十字路協會有限公司
NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2014

2. SIGNIFICANT ACCOUNTING POLICIES - Continued

2.10 Revenue recognition

Revenue comprises the fair value for the sale of goods, rendering of services and the use by others of the Group's assets yielding interest, net of rebates and discounts. Provided it is probable that the economic benefits will flow to the Group and the revenue and costs, if applicable, can be measured reliably, revenue is recognised as follows:

Donations are recognised as income in the period in which they are received or receivable.

Revenue from global handicrafts is recognised on transfer of risks and rewards of ownership, which is at the time when the goods are delivered and the title is passed to customers.

Interest income is accrued on a time basis on the principal outstanding at the applicable interest rate.

2.11 Foreign currencies

Transactions are entered into by each individual group entities in currencies other than the functional currency of that entity (foreign currencies) are recorded in the respective functional currency (i.e. the currency of the primary economic environment in which the entity operates) at the rates of exchanges prevailing on the dates of the transactions. Foreign currency monetary assets and liabilities are translated at the rates ruling at the end of the reporting period. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences arising on the settlement of monetary items, and on the translation of monetary items, are recognised in profit or loss in the period in which they arise. Exchange differences arising on retranslation of non-monetary items in respect of which gains and losses are recognised in other comprehensive income, in which case, the exchange differences are also recognised in other comprehensive income.

CROSSROADS FOUNDATION LIMITED
國際十字路協會有限公司
NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2014

2. SIGNIFICANT ACCOUNTING POLICIES - Continued

2.11 Foreign currencies - Continued

On consolidation, income and expense items of foreign operations are translated into the presentation currency of the Group (i.e. HK\$) at the average exchange rates for the year, unless exchange rates fluctuate significantly during the period, in which case, the rates approximating to those ruling when the transactions took place are used. All assets and liabilities of foreign operations are translated into HK\$ at the rate of exchange prevailing at the end of reporting period. Exchange differences arising, if any, are recognised in other comprehensive income and accumulated in equity as translation reserve.

2.12 Provision and contingent liabilities

Provisions are recognised for liabilities of uncertain timing or amount when the Group has a legal or constructive obligation arising as a result of a past event, which will probably result in an outflow of economic benefits that can be reasonably estimated.

Where it is not probable that an outflow of economic benefits will be required, or the amount cannot be estimated reliably, the obligation is disclosed as a contingent liability, unless the probability of outflow of economic benefits is remote. Possible obligations, the existence of which will only be confirmed by the occurrence or non-occurrence of one or more future events, are also disclosed as contingent liabilities unless the probability of outflow of economic benefits is remote.

2.13 Related parties

For the purposes of these financial statements, a party is considered to be related to the Group if:

- (a) A person or a close member of that person's family is related to the Group if that person:
 - (i) has control or joint control over the Group;
 - (ii) has significant influence over the Group; or
 - (iii) is a member of key management personnel of the Group or the Company's parent.

or

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2. SIGNIFICANT ACCOUNTING POLICIES - Continued

2.13 Related parties - Continued

(b) An entity is related to the Group if any of the following conditions apply:

- (i) The entity and the Group are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others).
- (ii) One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member).
- (iii) Both entities are joint ventures of the same third party.
- (iv) One 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 the employees of the Group or an entity related to the Group.
- (vi) The entity is controlled or jointly controlled by a person identified in (a).
- (vii) A person identified in (a)(i) has significant influence over the entity or is a member of key management personnel of the entity (or of a parent of the entity).

Close members of the family of a person are those family members who may be expected to influence, or be influenced by, that person in their dealings with the entity and include:

- (a) that person's children and spouse or domestic partner ;
- (b) children of that person's spouse or domestic partner ; and
- (c) dependents of that person or that person's spouse or domestic partner.

3. ADOPTION OF NEW OR REVISED HKFRSs

3.1 Adoption of new or revised HKFRSs - effective 1 January 2014

In the current year, the Group has applied for the first time the following new or revised HKFRSs issued by the HKICPA, which are relevant to and effective for the Group's financial statements for the annual period beginning on 1 January 2014:

Amendments to HKAS 32	Offsetting Financial Assets and Financial Liabilities
Amendments to HKAS 36	Recoverable Amount Disclosures for Non-Financial Assets

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3. ADOPTION OF NEW OR REVISED HKFRSs - Continued

3.1 Adoption of new or revised HKFRSs - effective 1 January 2014 - Continued

Amendments to HKAS 32 - Offsetting Financial Assets and Financial Liabilities

The amendments clarify the offsetting requirements by adding appliance guidance to HKAS 32 which clarifies when an entity “currently has a legally enforceable right to set off” and when a gross settlement mechanism is considered equivalent to net settlement.

Amendments to HKAS 36 - Recoverable Amount Disclosures for Non-Financial Assets

HKFRS 7 is amended to introduce disclosures for all recognised financial instruments that are set off under HKAS 32 and those that are subject to an enforceable master netting agreement or similar arrangement, irrespective of whether they are set off under HKAS 32.

The adoption of the amendments has no impact on these financial statements as the Group has not offset financial instruments, nor has it entered into a master netting agreement or a similar arrangement.

3.2 New and revised HKFRSs that have been issued but not yet effective

The following new and revised HKFRSs, potentially relevant to the Group's financial statements, have been issued, but are not yet effective and have not been early adopted by the Group:

HKFRSs (Amendments)	Annual Improvements 2010-2012 Cycle ²
HKFRSs (Amendments)	Annual Improvements 2011-2013 Cycle ¹
HKFRSs (Amendments)	Annual Improvements 2012-2014 Cycle ³
Amendments to HKAS 1	Disclosure Initiative ³
Amendments to HKAS 16 and HKAS 38	Clarification of Acceptable Methods of Depreciation and Amortisation ³
HKFRS 9 (2014)	Financial Instruments ⁴

¹ Effective for annual periods beginning on or after 1 July 2014

² Effective for annual periods beginning, or transactions occurring, on or after 1 July 2014

³ Effective for annual periods beginning on or after 1 January 2016

⁴ Effective for annual periods beginning on or after 1 January 2018

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3. ADOPTION OF NEW OR REVISED HKFRSs - Continued

3.2 New and revised HKFRSs that have been issued but not yet effective - Continued

Annual Improvements 2010-2012 Cycle, 2011-2013 Cycle and 2012-2014 Cycle

The amendments issued under the annual improvements process make small, non-urgent changes to a number of standards where they are currently unclear. They include amendments to HKAS 16 Property, Plant and Equipment to clarify how the gross carrying amount and accumulated depreciation are treated where an entity uses the revaluation model. The carrying amount of the asset is restated to revalued amount. The accumulated depreciation may be eliminated against the gross carrying amount of the asset. Alternatively, the gross carrying amount may be adjusted in a manner consistent with the revaluation of the carrying amount of the asset and the accumulated depreciation is adjusted to equal the difference between the gross carrying amount and the carrying amount after taking into account accumulated impairment losses.

Amendments to HKAS 1 - Disclosure Initiative

The amendments to HKAS 1 are designed to further encourage companies to apply professional judgement in determining what information to disclose in their financial statements. For example, the amendments make clear that materiality applies to the whole of financial statements and that the inclusion of immaterial information can inhibit the usefulness of financial disclosures. Furthermore, the amendments clarify that companies should use professional judgement in determining where and in what order information is presented in the financial statements.

Amendments to HKAS 16 and HKAS 38 - Clarification of Acceptable Methods of Depreciation and Amortisation

The amendments to HKAS 16 prohibit the use of a revenue-based depreciation method for items of property, plant and equipment. The amendments to HKAS 38 introduce a rebuttable presumption that amortisation based on revenue is not appropriate for intangible assets. This presumption can be rebutted if either the intangible asset is expressed as a measure of revenue or revenue and the consumption of the economic benefits of the intangible asset are highly correlated.

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3. ADOPTION OF NEW OR REVISED HKFRSs - Continued

3.2 New and revised HKFRSs that have been issued but not yet effective - Continued

HKFRS 9 (2014) - Financial Instruments

HKFRS 9 introduces new requirements for the classification and measurement of financial assets. Debt instruments that are held within a business model whose objective is to hold assets in order to collect contractual cash flows (the business model test) and that have contractual terms that give rise to cash flows that are solely payments of principal and interest on the principal amount outstanding (the contractual cash flow characteristics test) are generally measured at amortised cost. Debt instruments that meet the contractual cash flow characteristics test are measured at fair value through other comprehensive income ("FVTOCI") if the objective of the entity's business model is both to hold and collect the contractual cash flows and to sell the financial assets. Entities may make an irrevocable election at initial recognition to measure equity instruments that are not held for trading at FVTOCI. All other debt and equity instruments are measured at fair value through profit or loss ("FVTPL").

HKFRS 9 includes a new expected loss impairment model for all financial assets not measured at FVTPL replacing the incurred loss model in HKAS 39 and new general hedge accounting requirements to allow entities to better reflect their risk management activities in financial statements.

HKFRS 9 carries forward the recognition, classification and measurement requirements for financial liabilities from HKAS 39, except for financial liabilities designated at FVTPL, where the amount of change in fair value attributable to change in credit risk of the liability is recognised in other comprehensive income unless that would create or enlarge an accounting mismatch. In addition, HKFRS 9 retains the requirements in HKAS 39 for derecognition of financial assets and financial liabilities.

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4. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing material adjustments to the carrying amounts of assets and liabilities within the next financial year are discussed below.

Allowance for inventories

The Group's management reviews an ageing analysis of inventories at each reporting date, and make allowance for obsolete and slow-moving inventory items identified that are no longer considered to be saleable or suitable for use in production. Management estimates the net realisable value for finished goods based on primarily on the latest invoice prices, condition and nature of the goods and current market conditions. The Group carries out an inventory review on a product-by-product basis at each reporting date and makes allowances for obsolete or unsalable items.

Depreciation

The Group depreciates the plant and equipment on a straight-line basis over the estimated useful lives of 5 years, starting from the date when the assets are available for use. The estimated useful lives reflect the directors' estimate of the periods that the Group intends to derive future economic benefits from the use of the Group's plant and equipment.

5. REVENUE AND TURNOVER

	THE GROUP	
	2014 HK\$	2013 HK\$
Revenue/Turnover		
Donations received	<u>17,600,609</u>	<u>12,147,609</u>
Other income		
Interest income	128	385
Sales of goods - Global handicrafts	<u>940,163</u>	<u>998,807</u>
	<u>940,291</u>	<u>999,192</u>
Total income	<u><u>18,540,900</u></u>	<u><u>13,146,801</u></u>

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6. SURPLUS/(DEFICIT) FOR THE YEAR

	THE GROUP	
	2014 HK\$	2013 HK\$
Surplus/(Deficit) for the year is arrived at after charging:		
Auditor's remuneration	-	-
Depreciation of property, plant and equipment	292,197	472,624
Loss on disposal of property, plant and equipment	11,097	-
Loss on disposal of foreign operation	-	460,290
Realised exchange differences on the liquidation of a subsidiary undertaking recycled from other comprehensive income	-	128,445
Operating lease rentals for office, warehouse and volunteer facilities	<u>2,920,990</u>	<u>2,856,470</u>

Of the consolidated surplus for the year of HK\$2,241,927 (2013: deficit of HK2,130,257), a surplus of HK\$2,257,718 (2013: deficit of HK\$2,170,991) has been dealt with in the financial statements of the Company.

7. DIRECTORS' EMOLUMENTS

Directors remuneration disclosed pursuant to Section 78(1) of Schedule 11 of the Hong Kong Companies Ordinance Cap. 622 which requires compliance with Section 161 of the Hong Kong Companies Ordinance Cap. 32 is as follows:

	2014 HK\$	2013 HK\$
Fees	-	-
Other emoluments	<u>-</u>	<u>-</u>

8. TAXATION

No Hong Kong profits tax has been provided in the consolidated financial statements as the Group is a charitable organisation within the meaning of Section 88 of the Hong Kong Inland Revenue Ordinance ("IRO") and accordingly, it is exempted from payments of all taxes that are levied under the IRO.

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9. PROPERTY, PLANT AND EQUIPMENT

THE GROUP

	Leasehold improvements HK\$	Office equipment HK\$	Computer equipment HK\$	Motor vehicles HK\$	Warehouse equipment HK\$	Photographic equipment HK\$	Total HK\$
At 1 January 2013							
Cost	7,791,421	134,085	1,375,701	668,900	1,434,527	154,510	11,559,144
Accumulated depreciation	(7,303,590)	(127,266)	(1,188,969)	(403,124)	(1,188,853)	(103,900)	(10,315,702)
Net carrying amount	<u>487,831</u>	<u>6,819</u>	<u>186,732</u>	<u>265,776</u>	<u>245,674</u>	<u>50,610</u>	<u>1,243,442</u>
Year ended 31 December 2013							
Opening net carrying amount	487,831	6,819	186,732	265,776	245,674	50,610	1,243,442
Exchange adjustments	(12,396)	(225)	(823)	-	(851)	93	(14,202)
Additions	82,691	5,267	42,925	-	87,868	20,903	239,654
Disposal:	(261,972)	(4,140)	(17,904)	-	(17,509)	(27)	(301,552)
- Cost	898,467	17,375	68,530	-	40,826	1,185	1,026,383
- Accumulated depreciation	(636,495)	(13,235)	(50,626)	-	(23,317)	(1,158)	(724,831)
Depreciation	(174,630)	(1,848)	(112,923)	(63,914)	(99,059)	(20,250)	(472,624)
Closing net carrying amount	<u>121,524</u>	<u>5,873</u>	<u>98,007</u>	<u>201,862</u>	<u>216,123</u>	<u>51,329</u>	<u>694,718</u>
At 31 December 2013 and 1 January 2014							
Cost	6,935,842	121,203	1,348,470	668,900	1,479,752	175,575	10,729,742
Accumulated depreciation	(6,814,318)	(115,330)	(1,250,463)	(467,038)	(1,263,629)	(124,246)	(10,035,024)
Net carrying amount	<u>121,524</u>	<u>5,873</u>	<u>98,007</u>	<u>201,862</u>	<u>216,123</u>	<u>51,329</u>	<u>694,718</u>
Year ended 31 December 2014							
Opening net carrying amount	121,524	5,873	98,007	201,862	216,123	51,329	694,718
Exchange adjustments	-	(202)	2,419	-	(307)	(861)	1,049
Additions	56,913	3,471	22,099	263,049	135,499	-	481,031
Reallocation	18,000	-	-	-	(18,000)	-	-
Disposal:	-	(3,272)	(7,375)	(13,529)	(5,017)	(13,185)	(42,378)
- Cost	-	4,964	64,794	211,050	6,350	66,297	353,455
- Accumulated depreciation	-	(1,692)	(57,419)	(197,521)	(1,333)	(53,112)	(311,077)
Depreciation	(52,797)	(2,192)	(51,234)	(80,990)	(86,331)	(18,653)	(292,197)
Closing net carrying amount	<u>143,640</u>	<u>3,678</u>	<u>63,916</u>	<u>370,392</u>	<u>241,967</u>	<u>18,630</u>	<u>842,223</u>
At 31 December 2014							
Cost	7,010,754	119,406	1,301,816	720,900	1,590,512	105,225	10,848,613
Accumulated depreciation	(6,867,114)	(115,728)	(1,237,900)	(350,508)	(1,348,545)	(86,595)	(10,006,390)
Net carrying amount	<u>143,640</u>	<u>3,678</u>	<u>63,916</u>	<u>370,392</u>	<u>241,967</u>	<u>18,630</u>	<u>842,223</u>

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9. PROPERTY, PLANT AND EQUIPMENT - Continued

THE COMPANY

	Leasehold improvements HK\$	Office equipment HK\$	Computer equipment HK\$	Motor vehicles HK\$	Warehouse equipment HK\$	Photographic equipment HK\$	Total HK\$
At 1 January 2013							
Cost	7,791,421	134,085	1,308,373	668,900	1,434,527	88,373	11,425,679
Accumulated depreciation	(7,303,590)	(127,266)	(1,153,344)	(403,124)	(1,188,853)	(71,738)	(10,247,915)
Net carrying amount	487,831	6,819	155,029	265,776	245,674	16,635	1,177,764
Year ended 31 December 2013							
Opening net carrying amount	487,831	6,819	155,029	265,776	245,674	16,635	1,177,764
Exchange adjustments	(12,396)	(187)	(854)	-	(849)	(3)	(14,289)
Additions	82,691	-	42,925	-	81,131	18,090	224,837
Disposal:	(261,972)	(4,140)	(17,904)	-	(17,509)	(27)	(301,552)
- Cost	898,467	17,375	68,530	-	40,826	1,185	1,026,383
- Accumulated depreciation	(636,495)	(13,235)	(50,626)	-	(23,317)	(1,158)	(724,831)
Depreciation	(174,630)	(1,144)	(99,879)	(63,914)	(98,995)	(7,740)	(446,302)
Closing net carrying amount	121,524	1,348	79,317	201,862	209,452	26,955	640,458
At 31 December 2013 and 1 January 2014							
Cost	6,935,842	115,935	1,279,716	668,900	1,473,014	105,225	10,578,632
Accumulated depreciation	(6,814,318)	(114,587)	(1,200,399)	(467,038)	(1,263,562)	(78,270)	(9,938,174)
Net carrying amount	121,524	1,348	79,317	201,862	209,452	26,955	640,458
Year ended 31 December 2014							
Opening net carrying amount	121,524	1,348	79,317	201,862	209,452	26,955	640,458
Exchange adjustments	-	-	-	-	-	-	-
Additions	56,913	3,471	22,099	263,049	135,499	-	481,031
Reallocation	18,000	-	-	-	(18,000)	-	-
Disposal:	-	-	-	(13,529)	-	-	(13,529)
- Cost	-	-	-	211,050	-	-	211,050
- Accumulated depreciation	-	-	-	(197,521)	-	-	(197,521)
Depreciation	(52,797)	(1,141)	(37,500)	(80,990)	(84,984)	(8,325)	(265,737)
Closing net carrying amount	143,640	3,678	63,916	370,392	241,967	18,630	842,223
At 31 December 2014							
Cost	7,010,754	119,406	1,301,816	720,900	1,590,512	105,225	10,848,613
Accumulated depreciation	(6,867,114)	(115,728)	(1,237,900)	(350,508)	(1,348,545)	(86,595)	(10,006,390)
Net carrying amount	143,640	3,678	63,916	370,392	241,967	18,630	842,223

10. SUBSIDIARY AND AMOUNT DUE FROM A SUBSIDIARY

Particulars of the subsidiary as at 31 December 2014 are as follows:

Name	Place of incorporation/ operation	Legal form	Percentage of issued capital held directly		Principal activities
			2014	2013	
Crossroads Global Village UK Limited	England and Wales	Limited by guarantee	100%	100%	Support UK business and charities seeking a partnership 'match' for their humanitarian and CSR programmes by facilitating use of Global Hand website

The amount due from a subsidiary is unsecured, interest-free and repayable on demand.

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11. INVENTORIES

	THE GROUP		THE COMPANY	
	2014 HK\$	2013 HK\$	2014 HK\$	2013 HK\$
Finished goods	<u>643,068</u>	<u>538,235</u>	<u>643,068</u>	<u>517,097</u>

12. OTHER RECEIVABLES

	THE GROUP		THE COMPANY	
	2014 HK\$	2013 HK\$	2014 HK\$	2013 HK\$
Deposits	568,100	469,500	568,100	469,500
Prepayments	476,736	250,290	466,413	242,591
Other receivables	<u>310,157</u>	<u>168,063</u>	<u>300,274</u>	<u>148,885</u>
	<u>1,354,993</u>	<u>887,853</u>	<u>1,334,787</u>	<u>860,976</u>

13. CASH AND CASH EQUIVALENTS

Cash and cash equivalents comprise cash held by the Group and short-term bank deposits with original maturity of three months or less. Short-term bank deposits carrying prevailing market interest rate of 0.003% (2013: 0.010%) per annum. Other bank balances earn interests at floating rates based on daily bank deposits rates.

14. OTHER PAYABLES AND ACCRUALS

	THE GROUP		THE COMPANY	
	2014 HK\$	2013 HK\$	2014 HK\$	2013 HK\$
Other payables	2,170,637	2,016,548	2,061,004	2,016,548
Accruals	<u>8,435</u>	<u>14,086</u>	<u>-</u>	<u>-</u>
	<u>2,179,072</u>	<u>2,030,634</u>	<u>2,061,004</u>	<u>2,016,548</u>

15. AMOUNTS DUE TO DIRECTORS

The amounts due are unsecured, interest-free and repayable on demand.

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16. SHARE CAPITAL

The Company has no share capital and is a company limited by guarantee. At the reporting date, the Company had five members (2013: five members). Each member of the Company has an obligation to contribute to the assets of the Company in the event of it being wound up, as may be required, for an amount not exceeding one hundred dollars.

17. OPERATING LEASE COMMITMENTS

At the end of the reporting period, the Group had commitments for future minimum lease payments under non-cancellable operating leases which fall due as follows:

	2014 HK\$	2013 HK\$
Within one year	600,000	66,000
In the second to fifth year inclusive	105,000	-
	705,000	66,000

The Group leases its warehouse space, office premises, volunteer accommodation and external container storage facility under operating leases. The leases run for an initial period of two (2013: two) years, with an option to renew the lease terms at the expiry date or at dates mutually agreed between the Group and the respective landlords. The Group also leases reprographic equipment over a five year contract period. None of the leases include contingent rentals.

18. SUMMARY OF FINANCIAL ASSETS AND FINANCIAL LIABILITIES BY CATEGORY

The following table shows the carrying amounts and fair values of financial assets and financial liabilities as defined in note 2.7:

	THE GROUP	
	2014 HK\$	2013 HK\$
<i>Financial assets</i>		
Loans and receivables:		
- Deposits and other receivables	878,257	637,563
- Cash and cash equivalents	4,364,055	2,577,183
	5,242,312	3,214,746
<i>Financial liabilities at amortised cost</i>		
- Other payables and accruals	2,179,072	2,030,634
- Amounts due to directors	466,914	345,081
	2,645,986	2,375,715

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18. SUMMARY OF FINANCIAL ASSETS AND FINANCIAL LIABILITIES BY CATEGORY -
 Continued

	THE COMPANY	
	2014 HK\$	2013 HK\$
<i>Financial assets</i>		
Loans and receivables:		
- Deposits and other receivables	868,374	618,385
- Amount due from a subsidiary	-	3,622
- Cash and cash equivalents	4,124,315	2,498,233
	<u>4,992,689</u>	<u>3,120,240</u>
<i>Financial liabilities at amortised cost</i>		
- Other payables and accruals	2,061,004	2,016,548
- Amounts due to directors	466,914	345,081
	<u>2,527,918</u>	<u>2,361,629</u>

The directors consider that the carrying amounts of financial assets and financial liabilities recorded at amortised costs in the statement of financial position approximate their fair values.

19. FINANCIAL RISK MANAGEMENT

The Group does not have written risk management policies and guidelines. However, the board of directors meets periodically to analyse and formulate measures to manage the financial risks relating to the operations of the Group. These risks include market risk (including foreign currency risk), credit risk and liquidity risk. Generally, the Group employs a conservative strategy regarding its financial risk management. As the Group's exposure to market risks is kept at a minimum level, the Group has not used any derivatives or other instruments for hedging purposes. The Group does not hold or issue derivative financial instruments for trading purposes.

The Group's principal financial instruments comprise cash and cash equivalents, trade and other receivables, other payables and amounts due to directors. The most significant financial risks to which the Group is exposed are described below.

(a) Foreign currency risk

The Group is exposed to foreign currency risk primarily through daily transactions and recognised assets and liabilities that are denominated in a currency other than the functional currency of the operations to which they related. The currencies giving risk to this risk is British Pound ("GBP").

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19. FINANCIAL RISK MANAGEMENT - Continued

(a) Foreign currency risk - Continued

The carrying amounts of the Group's foreign currency denominated monetary assets and monetary liabilities at the reporting date are as follows:

THE GROUP

	Denominated in GBP HK\$
<i>As at 31 December 2014</i>	
<i>Monetary assets:</i>	
- Other receivables	1,500
- Cash and cash equivalents	25,903
	27,403
<i>Monetary liabilities:</i>	
- Other payables and accruals	(9,799)
Net monetary assets	17,604
Foreign currency strengthen/(weaken) by:	5%/ (5%)
Decrease/(Increase) in deficit for the year	(880)/ 880
	Denominated in GBP HK\$
<i>As at 31 December 2013</i>	
<i>Monetary assets:</i>	
- Other receivables	26,877
- Cash and cash equivalents	78,950
	105,827
<i>Monetary liabilities:</i>	
- Other payables and accruals	(14,085)
Net monetary assets	91,742
Foreign currency strengthen/(weaken) by:	5%/ (5%)
Decrease/(Increase) in deficit for the year	(4,587)/ 4,587

The Group currently does not have a foreign currency hedging policy. However, the management monitors foreign exchange exposure and will consider hedging significant foreign currency exposure should the need arises.

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19. FINANCIAL RISK MANAGEMENT - Continued

(b) Credit risk

As at 31 December 2014, the Group's and the Company's maximum exposures to credit risk which will cause a financial loss to the Group and the Company due to failure to discharge an obligation by the counterparties are arising from the carrying amounts of the respective recognised financial assets as stated in the consolidated and company statements of financial position.

The Group has concentration of credit risk on other receivables. The credit risk on liquid funds is limited because the counterparties are banks with good reputation.

(c) Liquidity risk

The Group manages liquidity risk by maintaining adequate funds to meet commitments associated with its financial liabilities and by continuously monitoring forecast and actual cash flows. The Group will raise funds from the realisation of its assets if required.

The following tables show the remaining contractual maturities at the end of the reporting period of the Group's and the Company's non-derivative financial liabilities which are based on undiscounted cash flows and the earliest date on which the Group and the Company can be required to pay.

THE GROUP

	On demand HK\$	Less than 3 months HK\$	Total undiscounted cash flows HK\$	Carrying amount HK\$
<i>As at 31 December 2014</i>				
<i>Non-derivative financial liabilities</i>				
Other payables and accruals	-	2,179,072	2,179,072	2,179,072
Amounts due to directors	466,914	-	466,914	466,914
	<u>466,914</u>	<u>2,179,072</u>	<u>2,645,986</u>	<u>2,645,986</u>
	On demand HK\$	Less than 3 months HK\$	Total undiscounted cash flows HK\$	Carrying amount HK\$
<i>As at 31 December 2013</i>				
<i>Non-derivative financial liabilities</i>				
Other payables and accruals	40,991	1,989,643	2,030,634	2,030,634
Amounts due to directors	345,081	-	345,081	345,081
	<u>386,072</u>	<u>1,989,643</u>	<u>2,375,715</u>	<u>2,375,715</u>

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19. FINANCIAL RISK MANAGEMENT - Continued

(c) Liquidity risk - Continued

THE COMPANY

	On demand HK\$	Less than 3 months HK\$	Total undiscounted cash flows HK\$	Carrying amount HK\$
<i>As at 31 December 2014</i>				
<i>Non-derivative financial liabilities</i>				
Other payables and accruals	-	2,061,004	2,061,004	2,061,004
Amounts due to directors	466,914	-	466,914	466,914
	<u>466,914</u>	<u>2,061,004</u>	<u>2,527,918</u>	<u>2,527,918</u>
	On demand HK\$	Less than 3 months HK\$	Total undiscounted cash flows HK\$	Carrying amount HK\$
<i>As at 31 December 2013</i>				
<i>Non-derivative financial liabilities</i>				
Other payables and accruals	40,991	1,975,557	2,016,548	2,016,548
Amounts due to directors	345,081	-	345,081	345,081
	<u>386,072</u>	<u>1,975,557</u>	<u>2,361,629</u>	<u>2,361,629</u>

20. CAPITAL RISK MANAGEMENT

The Group has no capital as explained in note 16 and accordingly it is not applicable to discuss capital risk management.