

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 2010

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 financial statements of Crossroads Foundation Limited (the "Company") for the year ended 31 December 2010.

PRINCIPAL ACTIVITIES

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- a. Through Crossroads Global Distribution the organisation receives Hong Kong's quality superseded goods and redistributes them to people in need, locally and internationally.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.
- 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:

- Crossroads International
- Crossroads Central Asia
- Global Hand
- P3 International
- Global Hand UK

The principal activity of Global Hand UK, the subsidiary of the Company is to support UK business and charities seeking a partnership 'match' for their humanitarian and CSR programmes by facilitating use of Global Hand website.

There were no significant changes to the Company and its subsidiary's (collectively the "Group") principal activities during the year.

RESULTS AND APPROPRIATIONS

The results of the Group for the year ended 31 December 2010 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 30.

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

DIRECTORS' REPORT

PROPERTY, PLANT AND EQUIPMENT

Details of the movements in the property, plant and equipment of the Group and the Company are set out in note 8 to the financial statements.

RESERVES

Details of the movements in reserves of the Group during the year are set out in the consolidated statement of changes in equity on page 10.

DIRECTORS

The directors of the Company during the year were 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

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 hold any interests or short positions in the shares or underlying shares in, or debentures of, the Company or its associated companies.

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

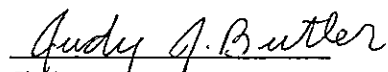
DIRECTORS' REPORT

AUDITOR

The financial statements of the previous financial year were audited by Grant Thornton ("GTHK"), now known as JBPB & Co. Due to a merger of the business of GTHK and BDO Limited ("BDO") to practise in the name of BDO, GTHK resigned on 8 December 2010 and BDO was appointed as auditor of the Company effective from 22 January 2011. The financial statements for the current financial year were audited by BDO.

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

For and on behalf of the Board


Chairman

Hong Kong, 12 December 2011



Tel : +852 2218 8288
Fax: +852 2815 2239
www.bdo.com.hk

25th Floor Wing On Centre
111 Connaught Road Central
Hong Kong

電話 : +852 2218 8288
傳真 : +852 2815 2239
www.bdo.com.hk

香港干諾道中111號
永安中心25樓

**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 30, which comprise the consolidated and company statement of financial positions as at 31 December 2010, 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 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, 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, 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.



**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)

Auditor's responsibility - Continued

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.

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 2010 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.

BDO limited

BDO Limited

Certified Public Accountants

CHIU Wing Cheung Ringo

Practising Certificate No. P04434

Hong Kong, 12 December 2011

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 2010

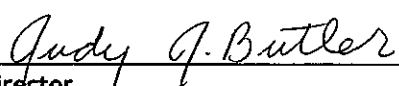
	Notes	2010 HK\$	2009 HK\$
Income	5	13,829,329	11,407,268
Global handicrafts inventory expenses		(450,981)	(488,357)
Depreciation		(969,816)	(1,484,574)
Other operating expenses		<u>(11,557,722)</u>	<u>(11,922,761)</u>
Surplus/(deficit) for the year	6	850,810	(2,488,424)
Other comprehensive loss for the year		<u>(3,721)</u>	<u>(98,574)</u>
Total comprehensive gain/(loss) for the year		<u>847,089</u>	<u>(2,586,998)</u>

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

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2010

	Notes	2010 HK\$	2009 HK\$
ASSETS AND LIABILITIES			
Non-current assets			
Property, plant and equipment	8	<u>1,446,929</u>	<u>1,925,646</u>
Current assets			
Inventories	9	540,637	463,201
Trade and other receivables	10	1,265,994	1,585,600
Cash and cash equivalents		<u>3,744,941</u>	<u>2,072,591</u>
		<u>5,551,572</u>	<u>4,121,392</u>
Current liabilities			
Other payables and accruals	12	786,136	632,736
Amounts due to directors	13	<u>568,415</u>	<u>617,441</u>
		<u>1,354,551</u>	<u>1,250,177</u>
Net current assets		<u>4,197,021</u>	<u>2,871,215</u>
Net assets		<u>5,643,950</u>	<u>4,796,861</u>
EQUITY			
Translation reserve		(98,825)	(95,104)
Accumulated surplus		<u>5,742,775</u>	<u>4,891,965</u>
Total equity		<u>5,643,950</u>	<u>4,796,861</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 2010

	Notes	2010 HK\$	2009 HK\$
ASSETS AND LIABILITIES			
Non-current assets			
Property, plant and equipment	8	<u>1,387,616</u>	<u>1,911,762</u>
Current assets			
Inventories	9	523,250	463,201
Trade and other receivables	10	1,244,034	1,580,437
Amount due from a subsidiary	11	-	753
Cash and cash equivalents		<u>3,736,921</u>	<u>2,023,961</u>
		<u>5,504,205</u>	<u>4,068,352</u>
Current liabilities			
Other payables and accruals	12	775,548	611,746
Amounts due to directors	13	568,415	617,441
Amount due to a subsidiary	11	12,650	5,024
		<u>1,356,613</u>	<u>1,234,211</u>
Net current assets		<u>4,147,592</u>	<u>2,834,141</u>
Net assets		<u>5,535,208</u>	<u>4,745,903</u>
EQUITY			
Translation reserve		(80,295)	(81,630)
Accumulated surplus		<u>5,615,503</u>	<u>4,827,533</u>
Total equity		<u>5,535,208</u>	<u>4,745,903</u>

On behalf of the Board

Judy G. Butler
 Director

Jane R. Henderson
 Director

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

CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR 31 DECEMBER 2010

	2010 HK\$	2009 HK\$
Cash flows from operating activities		
Surplus/(deficit) for the year	850,810	(2,488,424)
Adjustments for :		
Depreciation of property, plant and equipment	969,816	1,484,573
Loss on disposal of property, plant and equipment	807	3,921
Interest income	(320)	(4,927)
Exchange translation difference	(10,753)	16,154
Operating surplus/(deficit) before working capital changes	1,810,360	(988,703)
Increase in inventories	(77,436)	(178,568)
Decrease/(increase) in trade and other receivables	319,606	(934,172)
Increase/(decrease) in other payables and accruals	153,400	(303,615)
(Decrease)/increase in amounts due to directors	(49,026)	105,158
<i>Net cash generated from/(used in) operating activities</i>	2,156,904	(2,299,900)
Cash flows from investing activities		
Interest received	320	4,927
Purchase of property, plant and equipment	(484,874)	(480,010)
<i>Net cash used in investing activities</i>	(484,554)	(475,083)
Net increase/(decrease) in cash and cash equivalents	1,672,350	(2,774,983)
Cash and cash equivalents at beginning of year	2,072,591	4,847,574
Cash and cash equivalents at end of year	3,744,941	2,072,591

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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR 31 DECEMBER 2010

	Translation reserve HK\$	Accumulated surplus HK\$	Total HK\$
Balance at 1 January 2009	3,470	7,380,389	7,383,859
Deficit for the year	-	(2,488,424)	(2,488,424)
Other comprehensive loss			
-Translation adjustments	(98,574)	-	(98,574)
Total comprehensive loss for the year	<u>(98,574)</u>	<u>(2,488,424)</u>	<u>(2,586,998)</u>
Balance at 31 December 2009 and 1 January 2010	(95,104)	4,891,965	4,796,861
Surplus for the year	-	850,810	850,810
Other comprehensive loss			
-Translation adjustments	(3,721)	-	(3,721)
Total comprehensive gain for the year	<u>(3,721)</u>	<u>850,810</u>	<u>847,089</u>
Balance at 31 December 2010	<u>(98,825)</u>	<u>5,742,775</u>	<u>5,643,950</u>

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

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2010

1. GENERAL INFORMATION

Crossroads Foundation Limited (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, HKSAR, China.

The Company conducts its operations under the following registrations:

- Crossroads International
- Crossroads Central Asia
- Global Hand
- P3 International
- Global Hand UK

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.
- 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 subsidiary, Global Hand UK is to support UK business and charities seeking a partnership 'match' for their humanitarian and CSR programmes by facilitating use of Global Hand website. The Company and its subsidiary are collectively referred to as the "Group".

The financial statements for the year ended 31 December 2010 were approved by the board of directors on 12 December 2011.

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

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2010

2. SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of preparation

The financial statements on pages 6 to 30 have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") which collective term includes all applicable individual Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards and Interpretations issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") and the requirements of the Hong Kong Companies Ordinance.

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

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

It should be noted that accounting estimates and assumptions are used in preparation of the financial statements. Although these estimates are based on management's best knowledge and judgment of current events and actions, actual results may ultimately differ from those estimates. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed in note 4.

(b) Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and its subsidiary made up to 31 December each year.

(c) Subsidiary

A subsidiary is an entity over which the Company is able to exercise control. Control is achieved where the Company, directly or indirectly, has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. In assessing control, potential voting rights that are presently exercisable are taken into account.

In the Company's statement of financial position, investments in subsidiaries are stated at cost less impairment loss, if any. The results of subsidiaries are accounted for by the Company on the basis of dividend received and receivable.

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

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2010

2. SIGNIFICANT ACCOUNTING POLICIES - Continued

(d) Foreign currency translation

The financial statements are presented in Hong Kong dollars (HK\$), which is also the functional currency of the Group.

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

In the consolidated financial statements, all separate financial statements of subsidiaries and branches originally presented in a currency different from the Group's presentation currency, have been converted into Hong Kong dollars. Assets and liabilities have been translated into Hong Kong dollars at the closing rate at the reporting date. Income and expenses have been converted into Hong Kong dollars at the average rates over the reporting period. Any differences arising from this procedure have been dealt with separately in the exchange reserve in equity.

(e) 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, royalties and dividends, 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 when the goods are delivered to the customers.

Interest income is recognised on a time proportion basis by reference to the principal outstanding and the interest rate applicable.

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

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2010

2. SIGNIFICANT ACCOUNTING POLICIES - Continued

(f) 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 2010

2. SIGNIFICANT ACCOUNTING POLICIES - Continued

(g) Impairment of other assets

At the end of each reporting period, the Group reviews the carrying amounts of the following assets 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:

- property, plant and equipment under cost model;
- investments in subsidiaries

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.

(h) Operating leases

Where the Group has the use of assets held under operating leases, payments made under the leases are charged to the statement of comprehensive income on a straight line basis over the lease terms except where an alternative basis is more representative of the pattern of benefits to be derived from the leased assets. Lease incentives received are recognised in the statement of comprehensive income as an integral part of the aggregate net lease payments made. Contingent rentals are charged to the statement of comprehensive income in the accounting period in which they are incurred.

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

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2010

2. SIGNIFICANT ACCOUNTING POLICIES - Continued

(i) 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. Net realisable value represents the estimated selling price in the ordinary course of business less the estimated costs necessary to make the sale.

(j) Cash and cash equivalents

Cash and cash equivalents include cash at bank and in hand, demand deposit with banks and short term highly liquid investments with original maturities of three months or less that are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value.

(k) Financial assets

The Group's financial assets include trade and other receivables.

Trade and other receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Trade and other receivables are initially recognised at fair value and subsequently measured at amortised cost using the effective interest method, less any impairment losses. Any changes in their value are recognised in statement of comprehensive income.

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

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2010

2. SIGNIFICANT ACCOUNTING POLICIES - Continued

(k) Financial assets - Continued

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 debtor;
- a breach of contract, such as a default or delinquency in interest or principal payments;
- granting concession to a debtor because of debtor's financial difficulty; and
- it becoming probable that the debtor will enter bankruptcy or other financial reorganisation.

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, subject to a restriction that the carrying amount of the asset at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.

(l) Financial liabilities

The Group classifies its financial liabilities, depending on the purpose for which the liabilities were incurred. The Group's financial liabilities primarily comprise of other payables and accruals and amounts due to directors.

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

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2010

2. SIGNIFICANT ACCOUNTING POLICIES - Continued

(l) Financial liabilities - Continued

Other payables and accruals are recognised initially at their nominal value and subsequently measured at amortised cost using the effective interest rate method, less settlement payments.

Amounts due to directors are recognised initially at their nominal value and subsequently measured at amortised cost using the effective interest method.

Financial liabilities are derecognized when the obligation under the liability is discharge or cancelled or expired.

Gains or losses are recognised in profit or loss when the liabilities are derecognised as well as through the amortisation process.

(m) Related parties

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

- (i) the party has the ability, directly or indirectly, through one or more intermediaries, to control the Group or exercise significant influence over the Group in making financial and operating policy decisions, or has joint control over the Group;
- (ii) the Group and the party are subject to common control over the Group;
- (iii) the party is an associate of the Group or a joint venture in which the Group is a venturer;
- (iv) the party is a member of the key management personnel of the Group, or a close member of the family of such an individual, or is an entity under the control, joint control or significant influence of such individuals;
- (v) the party is a close family member of a party referred to in (i) or is an entity under the control, joint control or significant influence of such individuals; or

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

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2010

2. SIGNIFICANT ACCOUNTING POLICIES - Continued

(m) Related parties - Continued

(vi) the party is a post-employment benefit plan for the benefit of employees of the Group, or of any entity that is a related party of the Group.

Close family members of an individual are those family members who may be expected to influence, or be influenced by, that individual in their dealings with the entity.

3. ADOPTION OF HONG KONG FINANCIAL REPORTING STANDARDS (“HKFRSs”)

In the current year, the Group has applied, for the first time the new amendments issued by the HKICPA, which are relevant to and effective for the Group's financial statements for the annual period beginning on 1 January 2010.

The adoption of the new HKFRSs had no material impact on how the results and financial position for the current and prior periods have been prepared and presented. Accordingly, no prior period adjustment is required.

At the date of authorisation of these financial statements, the new/revised HKFRSs, potentially relevant to the Group's financial statements, have been published but are not yet effective, and have not been adopted early by the Group.

The directors of the Company anticipate that all of the pronouncements will be adopted in the Company's accounting policy for the first period beginning after the effective date of the pronouncement.

The Group is in the process of making an assessment of the potential impact of these new / revised HKFRSs and the directors so far concluded that the application of these new / revised HKFRSs will have no material impact on the Group's financial statements.

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 Group did not use critical accounting estimates and judgements in the preparation of the financial statements.

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

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2010

5. REVENUE AND TURNOVER

	2010 HK\$	2009 HK\$
Revenue/Turnover		
Donations received	<u>13,173,086</u>	<u>10,802,785</u>
Other income		
Interest income	320	4,927
Sales of goods - Global handicrafts	<u>655,923</u>	<u>599,556</u>
	<u>656,243</u>	<u>604,483</u>
Total income	<u><u>13,829,329</u></u>	<u><u>11,407,268</u></u>

6. SURPLUS/(DEFICIT) FOR THE YEAR

	2010 HK\$	2009 HK\$
Surplus/(deficit) for the year is arrived at after charging :		
Auditor's remuneration	-	-
Depreciation	969,816	1,484,574
Operating lease rentals for office, warehouse and volunteer facilities	<u>1,569,050</u>	<u>1,110,590</u>

Of the consolidated surplus for the year of HK\$850,810 (2009: deficit of HK\$2,488,424), a surplus of HK\$787,970 (2009: deficit of HK\$2,467,555) has been dealt with in the financial statements of the Company.

7. TAXATION

No Hong Kong profits tax has been provided in the 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.

CROSSROADS FOUNDATION LIMITED
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NOTES TO THE FINANCIAL STATEMENTS
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8. PROPERTY, PLANT AND EQUIPMENT

Group

	Leasehold improvements HK\$	Office equipment HK\$	Computer equipment HK\$	Motor vehicles HK\$	Warehouse equipment HK\$	Photographic equipment HK\$	Total HK\$
At 31 December 2008							
Cost	6,871,793	128,234	1,083,464	344,000	1,060,502	79,186	9,567,179
Accumulated depreciation	<u>(4,848,962)</u>	<u>(94,890)</u>	<u>(489,317)</u>	<u>(282,467)</u>	<u>(761,322)</u>	<u>(41,363)</u>	<u>(6,518,321)</u>
Net book amount	<u>2,022,831</u>	<u>33,344</u>	<u>594,147</u>	<u>61,533</u>	<u>299,180</u>	<u>37,823</u>	<u>3,048,858</u>
Year ended 31 December 2009							
Opening net book amount	2,022,831	33,344	594,147	61,533	299,180	37,823	3,048,858
Exchange differences	(110,860)	(560)	(4,327)	-	(41)	1,060	(114,728)
Additions	269,730	570	119,251	-	80,344	10,115	480,010
Transfers	(8,137)	(2,645)	-	-	8,137	2,645	-
Disposal:	-	-	(3,921)	-	-	-	(3,921)
- Cost	-	-	(10,165)	-	-	-	(10,165)
- Accumulated depreciation	-	-	6,244	-	-	-	6,244
Depreciation	<u>(1,157,733)</u>	<u>(11,465)</u>	<u>(174,225)</u>	<u>(29,579)</u>	<u>(101,694)</u>	<u>(9,877)</u>	<u>(1,484,573)</u>
Closing net book amount	<u>1,015,831</u>	<u>19,244</u>	<u>530,925</u>	<u>31,954</u>	<u>285,926</u>	<u>41,766</u>	<u>1,925,646</u>
At 31 December 2009							
Cost	6,983,606	123,017	1,184,384	344,000	1,149,898	93,503	9,878,408
Accumulated depreciation	<u>(5,967,775)</u>	<u>(103,773)</u>	<u>(653,459)</u>	<u>(312,046)</u>	<u>(863,972)</u>	<u>(51,737)</u>	<u>(7,952,762)</u>
Net book amount	<u>1,015,831</u>	<u>19,244</u>	<u>530,925</u>	<u>31,954</u>	<u>285,926</u>	<u>41,766</u>	<u>1,925,646</u>
Year ended 31 December 2010							
Opening net book amount	1,015,831	19,244	530,925	31,954	285,926	41,766	1,925,646
Exchange differences	7,145	18	161	-	47	(339)	7,032
Additions	308,455	6,808	99,864	5,000	54,960	9,787	484,874
Disposal:	-	-	-	-	-	(807)	(807)
- Cost	-	-	-	-	-	(1,303)	(1,303)
- Accumulated depreciation	-	-	-	-	-	496	496
Depreciation	<u>(639,700)</u>	<u>(12,893)</u>	<u>(179,777)</u>	<u>(33,269)</u>	<u>(91,215)</u>	<u>(12,962)</u>	<u>(969,816)</u>
Closing net book amount	<u>691,731</u>	<u>13,177</u>	<u>451,173</u>	<u>3,685</u>	<u>249,718</u>	<u>37,445</u>	<u>1,446,929</u>
At 31 December 2010							
Cost	7,302,436	129,998	1,284,819	349,000	1,204,916	101,593	10,372,762
Accumulated depreciation	<u>(6,610,705)</u>	<u>(116,821)</u>	<u>(833,646)</u>	<u>(345,315)</u>	<u>(955,198)</u>	<u>(64,148)</u>	<u>(8,925,833)</u>
Net book amount	<u>691,731</u>	<u>13,177</u>	<u>451,173</u>	<u>3,685</u>	<u>249,718</u>	<u>37,445</u>	<u>1,446,929</u>

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8. PROPERTY, PLANT AND EQUIPMENT - Continued

Company

	Leasehold improvements HK\$	Office equipment HK\$	Computer equipment HK\$	Motor vehicles HK\$	Warehouse equipment HK\$	Photographic equipment HK\$	Total HK\$
At 31 December 2008							
Cost	6,871,793	128,234	1,074,067	344,000	1,060,502	62,820	9,541,416
Accumulated depreciation	<u>(4,848,962)</u>	<u>(94,890)</u>	<u>(485,427)</u>	<u>(282,467)</u>	<u>(761,322)</u>	<u>(40,888)</u>	<u>(6,513,956)</u>
Net book amount	<u>2,022,831</u>	<u>33,344</u>	<u>588,640</u>	<u>61,533</u>	<u>299,180</u>	<u>21,932</u>	<u>3,027,460</u>
Year ended 31 December 2009							
Opening net book amount	2,022,831	33,344	588,640	61,533	299,180	21,932	3,027,460
Exchange differences	(110,859)	(560)	(4,778)	-	(41)	(479)	(116,717)
Additions	269,730	570	119,251	-	80,344	10,115	480,010
Transfers	(8,137)	(2,645)	-	-	8,137	2,645	-
Depreciation	<u>(1,157,733)</u>	<u>(11,465)</u>	<u>(172,188)</u>	<u>(29,579)</u>	<u>(101,694)</u>	<u>(6,332)</u>	<u>(1,478,991)</u>
Closing net book amount	<u>1,015,832</u>	<u>19,244</u>	<u>530,925</u>	<u>31,954</u>	<u>285,926</u>	<u>27,881</u>	<u>1,911,762</u>
At 31 December 2009							
Cost	6,983,606	123,017	1,184,384	344,000	1,149,898	75,489	9,860,394
Accumulated depreciation	<u>(5,967,774)</u>	<u>(103,773)</u>	<u>(653,459)</u>	<u>(312,046)</u>	<u>(863,972)</u>	<u>(47,608)</u>	<u>(7,948,632)</u>
Net book amount	<u>1,015,832</u>	<u>19,244</u>	<u>530,925</u>	<u>31,954</u>	<u>285,926</u>	<u>27,881</u>	<u>1,911,762</u>
Year ended 31 December 2010							
Opening net book amount	1,015,832	19,244	530,925	31,954	285,926	27,881	1,911,762
Exchange differences	7,145	18	180	-	47	23	7,413
Additions	308,455	6,808	48,401	5,000	54,960	2,200	425,824
Disposal	-	-	-	-	-	(807)	(807)
- Cost	-	-	-	-	-	(1,303)	(1,303)
- Accumulated depreciation	-	-	-	-	-	496	496
Depreciation	<u>(639,700)</u>	<u>(12,893)</u>	<u>(171,451)</u>	<u>(33,269)</u>	<u>(91,215)</u>	<u>(8,048)</u>	<u>(956,576)</u>
Closing net book amount	<u>691,732</u>	<u>13,177</u>	<u>408,055</u>	<u>3,685</u>	<u>249,718</u>	<u>21,249</u>	<u>1,387,616</u>
At 31 December 2010							
Cost	7,302,436	129,998	1,233,356	349,000	1,204,916	76,423	10,296,129
Accumulated depreciation	<u>(6,610,704)</u>	<u>(116,821)</u>	<u>(825,301)</u>	<u>(345,315)</u>	<u>(955,198)</u>	<u>(55,174)</u>	<u>(8,908,513)</u>
Net book amount	<u>691,732</u>	<u>13,177</u>	<u>408,055</u>	<u>3,685</u>	<u>249,718</u>	<u>21,249</u>	<u>1,387,616</u>

9. INVENTORIES

Group

	2010 HK\$	2009 HK\$
Finished goods	<u>540,637</u>	<u>463,201</u>

Company

	2010 HK\$	2009 HK\$
Finished goods	<u>523,250</u>	<u>463,201</u>

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10. TRADE AND OTHER RECEIVABLES

Group

	2010 HK\$	2009 HK\$
Trade receivables	36,214	188,672
Deposits	400,100	287,100
Prepayments	377,378	821,665
Other receivables	452,302	288,163
	<u>1,265,994</u>	<u>1,585,600</u>

Company

	2010 HK\$	2009 HK\$
Trade receivables	36,214	188,672
Deposits	400,100	287,100
Prepayments	360,836	819,343
Other receivables	446,884	285,322
	<u>1,244,034</u>	<u>1,580,437</u>

Trade receivables were neither past due nor impaired, as all trade receivables have been fully settled after the year end.

11. SUBSIDIARY

Details of the subsidiary as at 31 December 2010 are as follows:

Name	Place of incorporation	Legal form	Percentage of issued capital held directly	Principal activity
Global Hand UK	United Kingdom	Limited by guarantee	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 is unsecured, interest-free and repayable on demand.

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12. OTHER PAYABLES AND ACCRUALS

Group

	2010 HK\$	2009 HK\$
Other payables	576,040	532,340
Accruals	<u>210,096</u>	<u>100,396</u>
	<u>786,136</u>	<u>632,736</u>

Company

	2010 HK\$	2009 HK\$
Other payables	570,965	522,051
Accruals	<u>204,583</u>	<u>89,695</u>
	<u>775,548</u>	<u>611,746</u>

13. AMOUNTS DUE TO DIRECTORS

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

14. SHARE CAPITAL

The Company has no share capital and is a company limited by guarantee. At the reporting date, the Company had five members (2009: 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.

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15. OPERATING LEASE COMMITMENTS

At 31 December 2010, the total future minimum lease payments under non-cancellable operating leases are payable by the Group as follows:

	2010 HK\$	2009 HK\$
Within one year	746,126	385,837
In the second to fifth years, inclusive	<u>471,021</u>	<u>-</u>

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 one or 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.

16. DIRECTORS' REMUNERATION

Remuneration of the directors disclosed pursuant to section 161 of the Hong Kong Companies Ordinance is as follows :

	2010 HK\$	2009 HK\$
Fees	NIL	NIL
Other emoluments	<u>NIL</u>	<u>NIL</u>

17. RISK MANAGEMENT OBJECTIVES AND POLICIES

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 Group's exposure to market risk, including principally changes in interest rates, currency exchange rates, credit risk and liquidity risk. Generally, the Group employs a conservative strategy regarding its 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.

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17. RISK MANAGEMENT OBJECTIVES AND POLICIES - Continued

Interest rate risk

The Group does not have material exposure to interest rate risk, as the Group has no financial assets and liabilities of material amounts with floating interest rates.

Foreign currency risk

The Group is exposed to foreign currency risk arising from various currency exposures, primarily with respect to the Kazakhstan Tenge ("KZT") and British Pound ("GBP"). Foreign exchange risk arises from daily transactions and recognised assets and liabilities. The Group currently does not have a foreign currency hedging policy.

The carrying amounts of the Group's foreign currency denominated monetary assets and monetary liabilities as at 31 December 2010 and 2009

	Denominated in KZT HK\$	Denominated in GBP HK\$
2010		
Monetary assets		
Trade and other receivables	459	21,960
Cash and cash equivalents	3,288	8,020
	<u>3,747</u>	<u>29,980</u>
Monetary liabilities		
Other payables and accruals	(7,854)	(10,588)
	<u>(7,854)</u>	<u>(10,588)</u>
Net monetary (liabilities)/assets	<u>(4,107)</u>	<u>19,392</u>
Foreign currency strengthen/(weaken) by:	<u>5%/(5%)</u>	<u>5%/(5%)</u>
Increase/(decrease) in surplus	<u>(205)/205</u>	<u>970/(970)</u>

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17. RISK MANAGEMENT OBJECTIVES AND POLICIES - Continued

Foreign currency risk - Continued

	Denominated in KZT HK\$	Denominated In GBP HK\$
2009		
Monetary assets		
Trade and other receivables	53,504	5,163
Cash and cash equivalents	270,551	48,629
	<u>324,055</u>	<u>53,792</u>
Monetary liabilities		
Other payables and accruals	(16,301)	(20,990)
	<u>(16,301)</u>	<u>(20,990)</u>
Net monetary assets	<u>307,754</u>	<u>32,802</u>
Foreign currency strengthen/(weaken) by:	<u>13%/(13%)</u>	<u>5%/(5%)</u>
Increase/(decrease) in surplus	<u>40,008/(40,008)</u>	<u>1,640/(1,640)</u>

Credit risk

The Group's exposure to credit risk is mainly limited to the carrying amount of financial assets recognised at the reporting date, as summarised below:

	2010 HK\$	2009 HK\$
Classes of financial assets		
Trade and other receivables	488,516	476,835
Cash and cash equivalents	3,744,941	2,072,591
	<u>4,233,457</u>	<u>2,549,426</u>

Fair values

The fair values of the Group's financial assets and liabilities are not materially different from their carrying amounts because of the immediate or short term maturity.

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17. RISK MANAGEMENT OBJECTIVES AND POLICIES - Continued

Liquidity risk

The Group's objective is to ensure adequate funds to meet commitments associated with its financial liabilities. Cash flows are closely monitored on an ongoing basis. The Group will raise funds from the realisation of its assets if required.

As at 31 December 2010 and 31 December 2009, the remaining contractual maturity of the Group's and Company's financial liabilities which are based on undiscounted cash flows are summarised below:

Group

	On demand HK\$	Less than 3 months HK\$
At 31 December 2010		
- Other payables & accruals	-	786,136
- Amounts due to directors	568,415	-
	<u>568,415</u>	<u>786,136</u>
At 31 December 2009		
- Other payables & accruals	-	632,736
- Amounts due to directors	617,441	-
	<u>617,441</u>	<u>632,736</u>

Company

	On demand HK\$	Less than 3 months HK\$
At 31 December 2010		
- Other payables & accruals	-	775,548
- Amounts due to directors	568,415	-
- Amount due to a subsidiary	12,650	-
	<u>581,065</u>	<u>775,548</u>
At 31 December 2009		
- Other payables & accruals	-	611,746
- Amounts due to directors	617,441	-
- Amount due to a subsidiary	5,024	-
	<u>622,465</u>	<u>611,746</u>

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17. RISK MANAGEMENT OBJECTIVES AND POLICIES - Continued

Summary of financial assets and liabilities by category

The carrying amounts of the Group's and Company's financial assets and liabilities recognised at the reporting date may also be categorised as follows. See notes 2(k) and 2(l) for explanations on how the category of financial instruments affects their subsequent measurement.

Group

Financial assets

	2010 HK\$	2009 HK\$
Loans and receivables:		
- Trade receivables	36,214	188,672
- Other receivables	452,302	288,163
- Cash and cash equivalents	3,744,941	2,072,591
	4,233,457	2,549,426

Financial liabilities

	2010 HK\$	2009 HK\$
Financial liabilities measured at amortised cost		
- Other payables and accruals	786,136	632,736
- Amounts due to directors	568,415	617,441
	1,354,551	1,250,177

Company

Financial assets

	2010 HK\$	2009 HK\$
Loans and receivables:		
- Trade receivables	36,214	188,672
- Other receivables	446,884	285,322
- Amount due from a subsidiary	-	753
- Cash and cash equivalents	3,736,921	2,023,961
	4,220,019	2,498,708

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17. RISK MANAGEMENT OBJECTIVES AND POLICIES - Continued

Summary of financial assets and liabilities by category - Continued

Company - Continued

Financial liabilities

	2010 HK\$	2009 HK\$
Financial liabilities measured at amortised cost		
- Other payables and accruals	775,548	611,746
- Amounts due to directors	568,415	617,441
- Amount due to a subsidiary	12,650	5,024
	<u>1,356,613</u>	<u>1,234,211</u>

18. CAPITAL MANAGEMENT

The Company has no capital as explained in note 14 and accordingly it is not applicable to discuss capital management.