

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 2011**

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 2011.

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- a. Through Crossroads Global Distribution the organisation receives Hong Kong's quality superseded goods and redistributes them to people in need, locally and internationally.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 2011 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 34.

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 7 and 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.

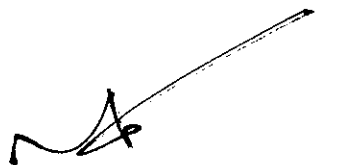
CROSSROADS FOUNDATION LIMITED
國際十字路協會有限公司

DIRECTORS' REPORT

AUDITOR

The financial statements have been audited by BDO Limited. A resolution will be proposed at the next general meeting to re-appoint BDO Limited as the Company's auditor.

For and on behalf of the Board

A handwritten signature in black ink, consisting of a series of loops and a long, sweeping stroke that extends upwards and to the right.

Chairman

Hong Kong, 19 December 2012



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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 34, which comprise the consolidated and company statement of financial positions as at 31 December 2011, 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 2011 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, 19 December 2012

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 2011

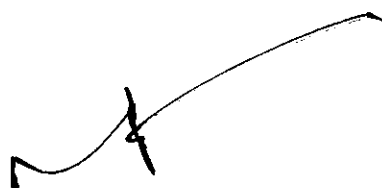
	Notes	2011 HK\$	2010 HK\$
Income	5	17,390,887	13,829,329
Global handicrafts inventory expenses		(572,450)	(450,981)
Depreciation		(703,288)	(969,816)
Other operating expenses		<u>(13,987,360)</u>	<u>(11,557,722)</u>
Surplus for the year	6	2,127,789	850,810
Other comprehensive income for the year		<u>(36,208)</u>	<u>(3,721)</u>
Total comprehensive income for the year		<u>2,091,581</u>	<u>847,089</u>

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

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2011

	Notes	2011 HK\$	2010 HK\$
ASSETS AND LIABILITIES			
Non-current assets			
Property, plant and equipment	8	<u>1,407,538</u>	<u>1,446,929</u>
Current assets			
Inventories	9	498,407	540,637
Trade and other receivables	10	2,118,555	1,265,994
Cash and cash equivalents		<u>5,391,321</u>	<u>3,744,941</u>
		<u>8,008,283</u>	<u>5,551,572</u>
Current liabilities			
Other payables and accruals	12	1,348,496	786,136
Amounts due to directors	13	<u>332,280</u>	<u>568,415</u>
		<u>1,680,776</u>	<u>1,354,551</u>
Net current assets		<u>6,327,507</u>	<u>4,197,021</u>
Net assets		<u>7,735,045</u>	<u>5,643,950</u>
EQUITY			
Translation reserve		(135,033)	(98,825)
Accumulated surplus		<u>7,870,078</u>	<u>5,742,775</u>
Total equity		<u>7,735,045</u>	<u>5,643,950</u>

On behalf of the Board



Director



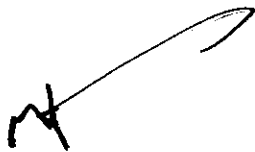
Director

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

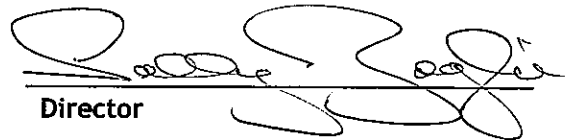
STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2011

	Notes	2011 HK\$	2010 HK\$
ASSETS AND LIABILITIES			
Non-current assets			
Property, plant and equipment	8	<u>1,317,638</u>	<u>1,387,616</u>
Current assets			
Inventories	9	460,758	523,250
Trade and other receivables	10	2,106,670	1,244,034
Amount due from a subsidiary	11	30,946	-
Cash and cash equivalents		<u>5,364,157</u>	<u>3,736,921</u>
		<u>7,962,531</u>	<u>5,504,205</u>
Current liabilities			
Other payables and accruals	12	1,338,258	775,548
Amounts due to directors	13	332,280	568,415
Amount due to a subsidiary	11	-	12,650
		<u>1,670,538</u>	<u>1,356,613</u>
Net current assets		<u>6,291,992</u>	<u>4,147,592</u>
Net assets		<u>7,609,631</u>	<u>5,535,208</u>
EQUITY			
Translation reserve		(100,130)	(80,295)
Accumulated surplus		<u>7,709,761</u>	<u>5,615,503</u>
Total equity		<u>7,609,631</u>	<u>5,535,208</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 31 DECEMBER 2011

	2011 HK\$	2010 HK\$
Cash flows from operating activities		
Surplus for the year	2,127,789	850,810
Adjustments for :		
Depreciation of property, plant and equipment	705,239	969,816
Loss on disposal of property, plant and equipment	29,948	807
Interest income	(27)	(320)
Exchange translation difference	(20,578)	(10,753)
Operating surplus before working capital changes	2,842,371	1,810,360
Increase/(Decrease) in inventories	42,230	(77,436)
(Increase)/Decrease in trade and other receivables	(852,561)	319,606
Increase in other payables and accruals	562,360	153,400
Decrease in amounts due to directors	(236,135)	(49,026)
<i>Net cash generated from operating activities</i>	<u>2,358,265</u>	<u>2,156,904</u>
Cash flows from investing activities		
Interest received	27	320
Purchase of property, plant and equipment	(711,912)	(484,874)
<i>Net cash used in investing activities</i>	<u>(711,885)</u>	<u>(484,554)</u>
Net increase in cash and cash equivalents	1,646,380	1,672,350
Cash and cash equivalents at beginning of year	<u>3,744,941</u>	<u>2,072,591</u>
Cash and cash equivalents at end of year	<u><u>5,391,321</u></u>	<u><u>3,744,941</u></u>

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 2011

	Translation reserve HK\$	Accumulated surplus HK\$	Total HK\$
Balance at 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 and 1 January 2011	(98,825)	5,742,775	5,643,950
Surplus for the year	-	2,127,789	2,172,834
Other comprehensive loss			
-Translation adjustments	(36,208)	(486)	(81,739)
Total comprehensive gain for the year	<u>(36,208)</u>	<u>2,127,303</u>	<u>2,091,095</u>
Balance at 31 December 2011	<u>(135,033)</u>	<u>7,870,078</u>	<u>7,735,045</u>

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

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2011

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 2011 were approved by the board of directors on 19 December 2012.

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

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2011

2. SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of preparation

The financial statements on pages 6 to 34 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 2011

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 2011

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 2011

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 2011

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

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 2011

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 2011

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.

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

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2011

2. SIGNIFICANT ACCOUNTING POLICIES - Continued

(m) Related parties

- 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.
- (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:

- (i) that person's children and spouse or domestic partner ;
- (ii) children of that person's spouse or domestic partner ; and
- (iii) dependents of that person or that person's spouse or domestic partner.

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

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2011

3. ADOPTION OF NEW OR AMENDED HKFRSs

(a) Adoption of new/revised HKFRSs - effective during the 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 2011.

HKAS 24 (Revised)	Related Party Disclosures
HKFRSs (Amendments)	Improvements to HKFRSs 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.

HKAS 24 (Revised) - Related Party Disclosure

HKAS 24 (Revised) clarifies and simplifies the definitions of related parties. The new definitions emphasize a symmetrical view of related party relationships and clarify the circumstances in which persons and key management personnel affect related party relationships of an entity. The revised standard also introduces an exemption from the general related party disclosure requirements for transactions with government entities that are controlled, jointly controlled or significantly influenced by the same government as the reporting entity. The accounting policy for related parties has been revised to reflect the changes in the definitions of related parties under the revised standard. The adoption of the revised standard did not have any impact on the financial position or performance, the identification of the related parties and the disclosures of the related party transactions of the Company.

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

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2011

3. ADOPTION OF NEW OR AMENDED HKFRSs - Continued

(b) New/revised HKFRSs that have been issued but are not yet effective

The following 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.

Amendments to HKFRS 7	Disclosures - Transfers of Financial Assets ¹
Amendments to HKAS 1 (Revised)	Presentation of Items of Other Comprehensive Income ²
HKFRS 9	Financial Instruments ⁴
HKFRS 10	Consolidated Financial Statements ³
HKFRS 12	Disclosure of Interests in Other Entities ³
HKFRS 13	Fair Value Measurement ³
HKAS 27 (2011)	Separate Financial Statements ³

¹ Effective for annual periods beginning on or after 1 July 2011

² Effective for annual periods beginning on or after 1 July 2012

³ Effective for annual periods beginning on or after 1 January 2013

⁴ Effective for annual periods beginning on or after 1 January 2015

Amendments to HKFRS 7 - Disclosures - Transfers of Financial Assets

The amendments to HKFRS 7 improve the disclosure requirements for transfer transactions of financial assets and allow users of financial statements to better understand the possible effects of any risks that may remain with the entity on transferred assets. The amendments also require additional disclosures if a disproportionate amount of transfer transactions are undertaken around the end of a reporting period.

Amendments to HKAS 1 (Revised) - Presentation of Items of Other Comprehensive Income

The amendments to HKAS 1 (Revised) require the Group to separate items presented in other comprehensive income into those that may be reclassified to profit and loss in the future (e.g. revaluations of available-for-sale financial assets) and those that may not (e.g. revaluations of property, plant and equipment). Tax on items of other comprehensive income is allocated and disclosed on the same basis. The amendments will be applied retrospectively.

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3. ADOPTION OF NEW OR AMENDED HKFRSs - Continued

(b) New/revised HKFRSs that have been issued but are not yet effective - Continued

HKFRS 9 - Financial Instruments

Under HKFRS 9, financial assets are classified into financial assets measured at fair value or at amortised cost depending on the entity's business model for managing the financial assets and the contractual cash flow characteristics of the financial assets. Fair value gains or losses will be recognised in profit or loss except for those non-trade equity investments, which the entity will have a choice to recognise the gains and losses in other comprehensive income. HKFRS 9 carries forward the recognition, classification and measurement requirements for financial liabilities from HKAS 39, except for financial liabilities that are designated at fair value through profit or loss, where the amount of change in fair value attributable to change in credit risk of that 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.

HKFRS 10 - Consolidated Financial Statements

HKFRS 10 introduces a single control model for consolidation of all investee entities. An investor has control when it has power over the investee (whether or not that power is used in practice), exposure or rights to variable returns from the investee and the ability to use the power over the investee to affect those returns. HKFRS 10 contains extensive guidance on the assessment of control. For example, the standard introduces the concept of "de facto" control where an investor can control an investee while holding less than 50% of the investee's voting rights in circumstances where its voting interest is of sufficiently dominant size relative to the size and dispersion of those of other individual shareholders to give it power over the investee. Potential voting rights are considered in the analysis of control only when these are substantive, i.e. the holder has the practical ability to exercise them. The standard explicitly requires an assessment of whether an investor with decision making rights is acting as principal or agent and also whether other parties with decision making rights are acting as agents of the investor. An agent is engaged to act on behalf of and for the benefit of another party and therefore does not control the investee when it exercises its decision making authority. The implementation of HKFRS 10 may result in changes in those entities which are regarded as being controlled by the Group and are therefore consolidated in the financial statements. The accounting requirements in the existing HKAS 27 on other consolidation related matters are carried forward unchanged. HKFRS 10 is applied retrospectively subject to certain transitional provisions.

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3. ADOPTION OF NEW OR AMENDED HKFRSs - Continued

(b) New/revised HKFRSs that have been issued but are not yet effective - Continued

HKFRS 12 - Disclosure of Interests in Other Entities

HKFRS 12 integrates and makes consistent the disclosures requirements about interests in subsidiaries, associates and joint arrangements. It also introduces new disclosure requirements, including those related to unconsolidated structured entities. The general objective of the standard is to enable users of financial statements to evaluate the nature and risks of a reporting entity's interests in other entities and the effects of those interests on the reporting entity's financial statements.

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 makes estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within next financial year are discussed below:

Allowance for inventories

The Group's management reviews an ageing analysis of inventories at each reporting date, and makes 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 and work-in-progress based primarily on the latest invoice prices, condition and nature of the goods and current market conditions and subsequent usage of raw material. 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.

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NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2011

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS - Continued

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

	2011	2010
	HK\$	HK\$
Revenue/Turnover		
Donations received	<u>16,640,128</u>	<u>13,173,086</u>
Other income		
Interest income	27	320
Sales of goods - Global handicrafts	<u>750,732</u>	<u>655,923</u>
	<u>750,759</u>	<u>656,243</u>
Total income	<u><u>17,390,887</u></u>	<u><u>13,829,329</u></u>

6. SURPLUS FOR THE YEAR

	2011	2010
	HK\$	HK\$
Surplus for the year is arrived at after charging :		
Auditor's remuneration	-	-
Depreciation	705,239	969,816
Operating lease rentals for office, warehouse and volunteer facilities	<u>1,562,976</u>	<u>1,569,050</u>

Of the consolidated surplus for the year of HK\$2,127,789 (2010: surplus of HK\$850,810), a surplus of HK\$2,094,384 (2010: surplus of HK\$787,970) has been dealt with in the financial statements of the Company.

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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.

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 2009							
Cost	6,983,606	123,017	1,184,384	344,000	1,149,898	93,503	9,878,408
Accumulated depreciation	(5,967,775)	(103,773)	(653,459)	(312,046)	(863,972)	(51,737)	(7,952,762)
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	(639,700)	(12,893)	(179,777)	(33,269)	(91,215)	(12,962)	(969,816)
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	(6,610,705)	(116,821)	(833,646)	(345,315)	(955,198)	(64,148)	(8,925,833)
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>
Year ended 31 December 2011							
Opening net book amount	691,731	13,177	451,173	3,685	249,718	37,445	1,446,929
Exchange differences	(14,887)	(70)	(635)	-	(802)	278	(16,116)
Additions	331,804	4,633	79,301	59,900	186,151	50,123	711,912
Disposal:	-	-	-	-	(29,948)	-	(29,948)
- Cost	-	-	-	-	(31,899)	-	(31,899)
- Accumulated depreciation	-	-	-	-	1,951	-	1,951
Depreciation	(385,572)	(7,848)	(180,121)	(10,314)	(104,302)	(17,082)	(705,239)
Closing net book amount	<u>623,076</u>	<u>9,892</u>	<u>349,718</u>	<u>53,271</u>	<u>300,817</u>	<u>70,764</u>	<u>1,407,538</u>
At 31 December 2011							
Cost	7,605,198	134,120	1,361,683	408,900	1,358,226	151,569	11,019,696
Accumulated depreciation	(6,982,122)	(124,228)	(1,011,965)	(355,629)	(1,057,409)	(80,805)	(9,612,158)
Net book amount	<u>623,076</u>	<u>9,892</u>	<u>349,718</u>	<u>53,271</u>	<u>300,817</u>	<u>70,764</u>	<u>1,407,538</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 2009							
Cost	6,983,606	123,017	1,184,384	344,000	1,149,898	75,489	9,860,394
Accumulated depreciation	(5,967,774)	(103,773)	(653,459)	(312,046)	(863,972)	(47,608)	(7,948,632)
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	(639,700)	(12,893)	(171,451)	(33,269)	(91,215)	(8,048)	(956,576)
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	(6,610,704)	(116,821)	(825,301)	(345,315)	(955,198)	(55,174)	(8,908,513)
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>
Year ended 31 December 2011							
Opening net book amount	691,732	13,177	408,055	3,685	249,718	21,249	1,387,616
Exchange differences	(14,888)	(70)	(917)	-	(802)	(19)	(16,696)
Additions	331,804	4,633	67,292	59,900	186,151	11,778	661,558
Disposal	-	-	-	-	(29,948)	-	(29,948)
- Cost	-	-	-	-	(31,899)	-	(31,899)
- Accumulated depreciation	-	-	-	-	1,951	-	1,951
Depreciation	(385,572)	(7,848)	(169,436)	(10,314)	(104,302)	(7,420)	(684,892)
Closing net book amount	<u>623,076</u>	<u>9,892</u>	<u>304,994</u>	<u>53,271</u>	<u>300,817</u>	<u>25,588</u>	<u>1,317,638</u>
At 31 December 2011							
Cost	7,605,198	134,120	1,298,364	408,900	1,358,226	88,153	10,892,961
Accumulated depreciation	(6,982,122)	(124,228)	(993,370)	(355,629)	(1,057,409)	(62,565)	(9,575,323)
Net book amount	<u>623,076</u>	<u>9,892</u>	<u>304,994</u>	<u>53,271</u>	<u>300,817</u>	<u>25,588</u>	<u>1,317,638</u>

9. INVENTORIES

Group

	2011 HK\$	2010 HK\$
Finished goods	<u>498,407</u>	<u>540,637</u>

Company

	2011 HK\$	2010 HK\$
Finished goods	<u>460,758</u>	<u>523,250</u>

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10. TRADE AND OTHER RECEIVABLES

Group

	2011 HK\$	2010 HK\$
Trade receivables	-	36,214
Deposits	500,498	400,100
Prepayments	1,385,968	377,378
Other receivables	232,089	452,302
	<u>2,118,555</u>	<u>1,265,994</u>

Company

	2011 HK\$	2010 HK\$
Trade receivables	-	36,214
Deposits	500,498	400,100
Prepayments	1,374,083	360,836
Other receivables	232,089	446,884
	<u>2,106,670</u>	<u>1,244,034</u>

In 2010, 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 2011 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

	2011 HK\$	2010 HK\$
Other payables	1,037,906	576,040
Accruals	310,590	210,096
	1,348,496	786,136

Company

	2011 HK\$	2010 HK\$
Other payables	1,037,906	570,965
Accruals	300,352	204,583
	1,338,258	775,548

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 (2010: 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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NOTES TO THE FINANCIAL STATEMENTS
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15. OPERATING LEASE COMMITMENTS

At 31 December 2011, the total future minimum lease payments under non-cancellable operating leases are payable by the Group as follows:

	2011 HK\$	2010 HK\$
Within one year	54,000	746,126
In the second to fifth years, inclusive	<u>-</u>	<u>471,021</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 :

	2011 HK\$	2010 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 2011 and 2010

	Denominated in KZT HK\$	Denominated In GBP HK\$
2011		
Monetary assets		
Trade and other receivables	4,617	11,885
Cash and cash equivalents	455,450	27,165
	460,067	39,050
Monetary liabilities		
Other payables and accruals	(7,569)	(10,237)
	(7,569)	(10,237)
Net monetary assets	452,498	28,813
Foreign currency strengthen/(weaken) by:	5%/(5%)	5%/(5%)
Increase/(decrease) in surplus	22,625/(22,625)	1,441/(1,441)

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31 DECEMBER 2011

17. RISK MANAGEMENT OBJECTIVES AND POLICIES - Continued

Foreign currency risk - Continued

	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>

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:

	2011 HK\$	2010 HK\$
Classes of financial assets		
Trade and other receivables	732,587	888,616
Cash and cash equivalents	5,391,321	3,744,941
	<u>6,123,908</u>	<u>4,633,557</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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NOTES TO THE FINANCIAL STATEMENTS
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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 2011 and 31 December 2010, 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 2011		
- Other payables & accruals	-	1,348,496
- Amounts due to directors	332,280	-
	<u>332,280</u>	<u>1,348,496</u>
At 31 December 2010		
- Other payables & accruals	-	786,136
- Amounts due to directors	568,415	-
	<u>568,415</u>	<u>786,136</u>

Company

	On demand HK\$	Less than 3 months HK\$
At 31 December 2011		
- Other payables & accruals	-	1,338,258
- Amounts due to directors	332,280	-
	<u>332,280</u>	<u>1,338,258</u>
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>

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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

	2011 HK\$	2010 HK\$
Loans and receivables:		
- Trade receivables	-	36,214
- Other receivables	1,091,889	452,302
- Cash and cash equivalents	5,391,321	3,744,941
	6,483,210	4,233,457

Financial liabilities

	2011 HK\$	2010 HK\$
Financial liabilities measured at amortised cost		
- Other payables and accruals	1,348,496	786,136
- Amounts due to directors	332,280	568,415
	1,680,776	1,354,551

Company

Financial assets

	2011 HK\$	2010 HK\$
Loans and receivables:		
- Trade receivables	-	36,214
- Other receivables	1,091,889	446,884
- Amount due from a subsidiary	30,946	-
- Cash and cash equivalents	5,391,321	3,736,921
	6,514,156	4,220,019

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17. RISK MANAGEMENT OBJECTIVES AND POLICIES - Continued

Summary of financial assets and liabilities by category - Continued

Company - Continued

Financial liabilities

	2011 HK\$	2010 HK\$
Financial liabilities measured at amortised cost		
- Other payables and accruals	1,338,258	775,548
- Amounts due to directors	332,280	568,415
- Amount due to a subsidiary	-	12,650
	<u>1,670,538</u>	<u>1,356,613</u>

18. CAPITAL MANAGEMENT

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