



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' Report and Financial Statements
For the year ended 31 December 2017

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

DIRECTORS' REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2017

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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 annual report together with the audited consolidated financial statements for the year ended 31 December 2017.

PRINCIPAL ACTIVITIES

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

- (a) Through Crossroads Global Distribution the organisation receives Hong Kong's quality superseded goods and redistributes them to people in need, locally and internationally;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

The Company conducts its operations under the following registrations:

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

The principal activity of Crossroads Global Village UK Limited, the subsidiary of the Company, is to support United Kingdom ("UK") business and charities seeking a partnership 'match' for their humanitarian and Corporate Social Responsibility programmes ("CSR programmes") by facilitating the use of Global Hand website and by offering themed immersive simulation activities to help enable more effective interaction with world need.

RESULTS AND APPROPRIATIONS

The financial performance of the Group for the year ended 31 December 2017 and the financial position of the Group at that date are set out in the financial statements on pages 7 to 34.

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

DIRECTORS' REPORT

RESERVES

Details of movements in the reserves, comprising translation reserve and accumulated surplus, of the Group during the year are set out in the consolidated statement of changes in equity on page 9.

SUBSIDIARY

Details of the Company's subsidiary at 31 December 2017 are set out in Note 10 to the financial statements.

DIRECTORS

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

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

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

MATERIAL INTERESTS IN TRANSACTIONS ARRANGEMENTS OR CONTRACTS

No transactions, arrangements or contracts of significance to which the Company or its subsidiary was a party and in which a director of the Company or an entity connected with a director is or was materially interested, whether directly or indirectly, subsisted during or at the end of the financial year.

PERMITTED INDEMNITY PROVISIONS

At no time during the financial year and up to the date of this Report, there was or is, any permitted indemnity provision being in force for the benefit of any of the directors of the Company (whether made by the Company or otherwise) or an associated company (if made by the Company).

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

DIRECTORS' REPORT

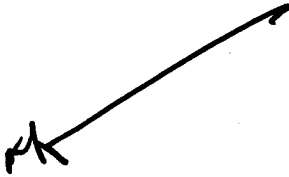
BUSINESS REVIEW

The Company is exempted from preparing a business review for the financial year.

AUDITOR

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

On behalf of the directors

A handwritten signature in black ink, consisting of a stylized 'M' followed by a long, sweeping diagonal line that ends in an arrowhead pointing towards the top right.

Malcolm Bruce Begbie
Director

Hong Kong, 21 SEP 2019

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

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

Opinion

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 subsidiaries (together the "Group") set out on pages 7 to 34, which comprise the consolidated statement of financial position as at 31 December 2017, and the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 December 2017, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") and have been properly prepared in compliance with the Hong Kong Companies Ordinance.

Basis for Opinion

We conducted our audit in accordance with Hong Kong Standards on Auditing ("HKSA") issued by the HKICPA. Our responsibilities under those standards are further described in the "Auditor's Responsibilities for the Audit of the Consolidated Financial Statements" section of our report. We are independent of the Group in accordance with the HKICPA's "Code of Ethics for Professional Accountants" (the "Code"), and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other Information

The directors are responsible for the other information. The other information comprises the information included in the directors' report and detailed income statement, but does not include the consolidated financial statements and our auditor's report thereon.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.



**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)

Directors' Responsibilities for the Consolidated Financial Statements

The directors are responsible for the preparation of the consolidated financial statements that give a true and fair view in accordance with Hong Kong Financial Reporting Standards issued by the HKICPA 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.

In preparing the consolidated financial statements, the directors are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. This report is made solely to you, as a body, in accordance with Section 405 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.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with HKSA's will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with HKSA's, we exercise professional judgement and maintain professional skepticism throughout the audit. We also:

- identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;
- obtain an understanding of internal control relevant to the audit 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 Group's internal control;



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

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**Auditor's Responsibilities for the Audit of the Consolidated Financial Statements -
Continued**

- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors;
- conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern;
- evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation; and
- obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

BDO Limited

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

Hong Kong, 21 SEP 2019

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

**CONSOLIDATED STATEMENT OF PROFIT OR LOSS
AND OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2017**


	Notes	2017 HK\$	2016 HK\$
Revenue	5	16,221,421	20,088,635
Global Handicrafts inventory expenses		(481,470)	(403,400)
Depreciation		(422,028)	(413,059)
Other operating expenses		<u>(16,373,830)</u>	<u>(17,096,075)</u>
(Loss)/surplus for the year	6	<u>(1,055,907)</u>	<u>2,176,101</u>
Other comprehensive income for the year			
- Exchange difference arising from translation of foreign operations		<u>13,729</u>	<u>(21,387)</u>
Total comprehensive (loss)/income for the year		<u>(1,042,178)</u>	<u>2,154,714</u>

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

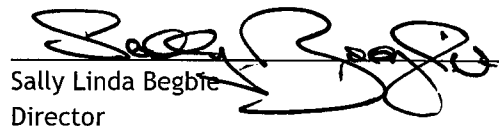
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2017

	Notes	2017 HK\$	2016 HK\$
ASSETS AND LIABILITIES			
Non-current assets			
Property, plant and equipment	9	<u>1,372,345</u>	<u>979,207</u>
Current assets			
Inventories	11	435,653	397,484
Deposits, prepayments and other receivables	12	2,124,820	1,945,914
Cash and cash equivalents	13	<u>4,824,277</u>	<u>6,413,841</u>
		<u>7,384,750</u>	<u>8,757,239</u>
Current liabilities			
Other payables and accruals	14	2,226,602	2,155,054
Amount due to a director	15	<u>404,653</u>	<u>413,374</u>
		<u>2,631,255</u>	<u>2,568,428</u>
Net current assets		<u>4,753,495</u>	<u>6,188,811</u>
Net assets		<u>6,125,840</u>	<u>7,168,018</u>
EQUITY			
Translation reserve		(32,253)	(45,982)
Accumulated surplus		<u>6,158,093</u>	<u>7,214,000</u>
Total equity		<u>6,125,840</u>	<u>7,168,018</u>

On behalf of the directors



Malcolm Bruce Begbie
Director



Sally Linda Begbie
Director

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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2017

	Translation reserve HK\$	Accumulated surplus HK\$	Total HK\$
Balance at 1 January 2016	(24,595)	5,037,899	5,013,304
Surplus for the year	-	2,176,101	2,176,101
Other comprehensive income for the year			
- Exchange difference arising from translations of foreign operations	<u>(21,387)</u>	-	<u>(21,387)</u>
Total comprehensive income for the year	<u>(21,387)</u>	<u>2,176,101</u>	<u>2,154,714</u>
Balance at 31 December 2016 and 1 January 2017	(45,982)	7,214,000	7,168,018
Loss for the year	-	(1,055,907)	(1,055,907)
Other comprehensive income for the year			
- Exchange difference arising from translations of foreign operations	<u>13,729</u>	-	<u>13,729</u>
Total comprehensive loss for the year	<u>13,729</u>	<u>(1,055,907)</u>	<u>(1,042,178)</u>
Balance at 31 December 2017	<u><u>(32,253)</u></u>	<u><u>6,158,093</u></u>	<u><u>6,125,840</u></u>

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

CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2017

	2017 HK\$	2016 HK\$
Cash flows from operating activities		
(Loss)/Surplus for the year	(1,055,907)	2,176,101
Adjustments for :		
Depreciation of property, plant and equipment	422,028	413,059
Gain on disposal of property, plant and equipment	(103,000)	-
Interest income	(26)	(3,450)
Operating (loss)/surplus before working capital changes	(736,905)	2,585,710
(Increase)/decrease in inventories	(38,169)	203,810
Increase in deposits, prepayments and other receivables	(178,906)	(226,549)
Increase/(decrease) in other payables and accruals	71,548	(623,764)
(Decrease)/increase in amount due to a director	(8,721)	5,638
<i>Net cash (used in)/generated from operating activities</i>	<u>(891,153)</u>	<u>1,944,845</u>
Cash flows from investing activities		
Interest received	26	3,450
Proceeds from disposal of property, plant and equipment	103,000	-
Purchase of property, plant and equipment	(815,166)	(678,927)
<i>Net cash used in investing activities</i>	<u>(712,140)</u>	<u>(675,477)</u>
Net (decrease)/increase in cash and cash equivalents	(1,603,293)	1,269,368
Effect on foreign exchange rate changes	13,729	(21,387)
Cash and cash equivalents at beginning of year	<u>6,413,841</u>	<u>5,165,860</u>
Cash and cash equivalents at end of year	<u><u>4,824,277</u></u>	<u><u>6,413,841</u></u>
Analysis of the balances of cash and cash equivalents		
Cash and bank balances	4,584,277	6,173,841
Time deposits	240,000	240,000
	<u><u>4,824,277</u></u>	<u><u>6,413,841</u></u>

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

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2017

1. GENERAL INFORMATION

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

The Company conducts its operations under the following registrations:

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

Its principal activities are:

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

The principal activity of the Company's subsidiary is to support United Kingdom business and charities seeking a partnership 'match' for their humanitarian and CSR programmes by facilitating the use of the Global Hand website and by offering themed immersive simulation activities to help enable more effective interaction with world need.

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

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

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2017

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

2.1 Adoption of new/revised HKFRSs - effective 1 January 2017

In the current year, the Group has adopted the following new/revised HKFRSs issued by the Hong Kong Institute of Certified Public Accountants that are relevant to its operations and effective for the current accounting period.

Amendments to HKAS 7	Disclosure Initiative
Amendments to HKAS 12	Recognition of Deferred Tax Assets for Unrealised Losses
Annual Improvements to HKFRSs 2014-2016 Cycle	Amendments to HKFRS 12, Disclosure of Interests in Other Entities

Amendments to HKAS 1 - Disclosure Initiative

The amendments introduce an additional disclosure that will enable users of financial statements to evaluate changes in liabilities arising from financing activities.

The adoption of the amendments has led to the additional disclosure presented in note 21.

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

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2017

2. ADOPTION OF HONG KONG FINANCIAL REPORTING STANDARDS (“HKFRSs”) - Continued

2.2 New/revised HKFRSs that have been issued but not yet effective

The following new/revised HKFRSs, relevant to the Group’s operations, have been issued but are not yet effective and have not been early adopted by the Group. The Group’s current intention is to apply these changes on the date they become effective.

Annual Improvements to HKFRSs 2014-2016 Cycle	Amendments to HKAS 28, Investments in Associates and Joint Ventures ¹
Annual Improvements to HKFRSs 2015-2017 Cycle	Amendments to HKAS 12, Income Taxes ²
Annual Improvements to HKFRSs 2015-2017 Cycle	Amendments to HKAS 23, Borrowing Costs ²
Annual Improvements to HKFRSs 2015-2017 Cycle	Amendments to HKFRS 3, Business Combination ²
Annual Improvements to HKFRSs 2015-2017 Cycle	Amendments to HKFRS 11, Joint Arrangements ²
Amendments to HKFRS 2	Classification and Measurement of Share-Based Payment Transactions ¹
HKFRS 9	Financial Instruments ¹
HKFRS 15	Revenue from Contracts with Customers ¹
Amendments to HKFRS 15	Revenue from Contracts with Customers (Clarifications to HKFRS 15) ¹
Amendments to HKAS 40	Transfer of investment property ¹
HK(IFRIC)-Int 22	Foreign Currency Transactions and Advance Consideration ¹
Amendments to HKFRS 9	Prepayment Features with Negative Compensation ²
HKFRS 16	Leases ²
HKFRS 17	Insurance Contracts ³
HK(IFRIC)-Int 23	Uncertainty over Income Tax Treatments ²
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture ⁴
Amendments to HKAS 28	Long-term Interests in Associates and Joint Ventures ²

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

² Effective for annual periods beginning on or after 1 January 2019

³ Effective for annual periods beginning on or after 1 January 2021

⁴ The amendments were originally intended to be effective for periods beginning on or after 1 January 2016. The effective date has now been deferred / removed. Early application of the amendments of the amendments continue to be permitted.

CROSSROADS FOUNDATION LIMITED

國際十字路協會有限公司

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2017**

**2. ADOPTION OF HONG KONG FINANCIAL REPORTING STANDARDS (“HKFRSs”) -
Continued**

**2.2 New/revised HKFRSs that have been issued but not yet effective -
Continued**

Except as described below, the directors do not anticipate that the application of the new and revised HKFRSs will have material impact on the Group’s financial performance and position and/or the disclosures to the Group’s financial statements.

HKFRS 9 - Financial Instruments

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

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

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

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

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2017

2. ADOPTION OF HONG KONG FINANCIAL REPORTING STANDARDS (“HKFRSs”) - Continued

2.2 New/revised HKFRSs that have been issued but not yet effective - Continued

The directors anticipate that the application of HKFRS 9 in the future will have an impact on amounts reported in respects of the Company’s financial performance and financial assets (e.g. impairment on trade receivables) resulting from early provision of credit losses using the expected loss impairment model under assessing HKFRS 9 instead of incurred loss model under HKAS 39. The directors estimate that no material impact on the Company’s financial performance and position upon the appreciation of HKFRS 9 in the year of initial adoption.

3. SIGNIFICANT ACCOUNTING POLICIES

3.1 Basis of preparation

The financial statements have been prepared in accordance with all applicable HKFRSs, Hong Kong Accounting Standards (“HKASs”) and Interpretations (hereinafter collectively referred to as the “HKFRS”) and the provisions of the Hong Kong Companies Ordinance which concern the preparation of financial statements.

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

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

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

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

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2017

3. SIGNIFICANT ACCOUNTING POLICIES

3.2 Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and its subsidiary. Inter-company transactions and balances between group companies together with unrealised profits are eliminated in full in preparing the consolidated financial statements. Unrealised losses are also eliminated unless the transaction provides evidence of impairment on the asset transferred, in which case the loss is recognised in profit or loss.

3.3 Subsidiary

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

In the Company's statement of financial position, investment in subsidiary is stated at cost less impairment loss, if any. The result of subsidiary is 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
FOR THE YEAR ENDED 31 DECEMBER 2017

3. SIGNIFICANT ACCOUNTING POLICIES - Continued

3.4 Property, plant and equipment

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

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

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

Leasehold improvements	The shorter of the useful life or remaining lease term
Office equipment	5 years
Computer equipment	5 years
Motor vehicle	5 years
Warehouse equipment	5 years
Photographic equipment	5 years

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.

3.5 Leasing

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

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

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2017

3. SIGNIFICANT ACCOUNTING POLICIES - Continued

3.5 Leasing - Continued

The Group as lessee

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

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

3.6 Impairment of other assets

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

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

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

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

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2017

3. SIGNIFICANT ACCOUNTING POLICIES - Continued

3.7 Financial instruments

(i) Financial assets

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

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They arise principally through the provision of goods and services to customers (trade debtors), and also incorporate other types of contractual monetary asset. Subsequent to initial recognition, they are carried at amortised cost using the effective interest method, less any identified impairment losses.

(ii) Impairment loss on 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 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.

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

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2017

3. SIGNIFICANT ACCOUNTING POLICIES - Continued

3.7 Financial instruments - Continued

(ii) Impairment loss on financial assets - Continued

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

For Loans and receivables

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

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

(iii) Financial liabilities

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

Financial liabilities at amortised cost

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

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

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2017

3. SIGNIFICANT ACCOUNTING POLICIES - Continued

3.7 Financial instruments - Continued

(iv) Effective interest method

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

(v) Derecognition

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

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

3.8 Inventories

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

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2017

3. SIGNIFICANT ACCOUNTING POLICIES - Continued

3.9 Cash and cash equivalents

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

3.10 Revenue recognition

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

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

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

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

3.11 Foreign currencies

Transactions entered into by the Group in currencies other than the currency of the primary economic environment in which they operate (the "functional currency") are recorded at the rates ruling when the transactions occur. Foreign currency monetary assets and liabilities are translated at the rates ruling at the end of reporting period. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing on the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2017

3. SIGNIFICANT ACCOUNTING POLICIES - Continued

3.11 Foreign currencies - Continued

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

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

3.12 Provision and contingent liabilities

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

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

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2017

3. SIGNIFICANT ACCOUNTING POLICIES - Continued

3.13 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).
 - (viii) The entity, or any member of a group of which it is a part, provides key management personnel services to the Group or to the Group's parent.

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

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

CROSSROADS FOUNDATION LIMITED
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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2017

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

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

Allowance for inventories

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

Depreciation

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

5. REVENUE

	2017 HK\$	2016 HK\$
Revenue		
Donations received	<u>15,411,392</u>	<u>19,459,461</u>
Other revenue		
Interest income	26	3,450
Others	74,701	4,533
Gain from disposal of property, plant and equipment	103,000	-
Sales of goods - Global handicrafts	<u>632,302</u>	<u>621,191</u>
	<u>810,029</u>	<u>629,174</u>
Total revenue	<u><u>16,222,421</u></u>	<u><u>20,088,635</u></u>

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2017

6. (LOSS)/SURPLUS FOR THE YEAR

(Loss)/surplus for the year is arrived at after charging/ (crediting):

	2017 HK\$	2016 HK\$
Auditor's remuneration	-	-
Depreciation of property, plant and equipment	422,028	413,059
Gain on disposal of property, plant and equipment	(103,000)	-
Operating lease rentals for office, warehouse and volunteer facilities	<u>1,320,000</u>	<u>1,486,939</u>

7. DIRECTORS' EMOLUMENTS

Directors' emoluments disclosed pursuant to Section 383 of the Hong Kong Companies Ordinance (Cap. 622) and the Companies (Disclosure of Information about Benefits of Directors) Regulation (Cap. 622G) are as follows:

	2017 HK\$	2016 HK\$
Fees	-	-
Other remuneration	<u>-</u>	<u>-</u>

8. TAXATION

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

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2017

9. PROPERTY, PLANT AND EQUIPMENT

	Leasehold improvements HK\$	Office equipment HK\$	Computer equipment HK\$	Motor vehicles HK\$	Warehouse equipment HK\$	Photographic equipment HK\$	Total HK\$
At 1 January 2016							
Cost	7,074,054	119,406	1,307,386	567,900	1,716,259	105,225	10,890,230
Accumulated depreciation	(6,934,289)	(116,724)	(1,273,026)	(311,025)	(1,448,886)	(92,941)	(10,176,891)
Net carrying amount	<u>139,765</u>	<u>2,682</u>	<u>34,360</u>	<u>256,875</u>	<u>267,373</u>	<u>12,284</u>	<u>713,339</u>
Year ended 31 December 2016							
Opening net carrying amount	139,765	2,682	34,360	256,875	267,373	12,284	713,339
Additions	557,667				121,260		678,927
Disposal:							
- Cost	1,466,929	-	285,128	-	244,686	-	1,996,743
- Accumulated depreciation	(1,466,929)	-	(285,128)	-	(244,686)	-	(1,996,743)
Depreciation	(140,902)	(679)	(22,631)	(106,943)	(136,383)	(5,521)	(413,059)
Closing net carrying amount	<u>556,530</u>	<u>2,003</u>	<u>11,729</u>	<u>149,932</u>	<u>252,250</u>	<u>6,763</u>	<u>979,207</u>
At 31 December 2016 and 1 January 2017							
Cost	6,164,792	119,406	1,022,258	567,900	1,592,833	105,225	9,572,414
Accumulated depreciation	(5,608,262)	(117,403)	(1,010,529)	(417,968)	(1,340,583)	(98,462)	(8,593,207)
Net carrying amount	<u>556,530</u>	<u>2,003</u>	<u>11,729</u>	<u>149,932</u>	<u>252,250</u>	<u>6,763</u>	<u>979,207</u>
Year ended 31 December 2017							
Opening net carrying amount	556,530	2,003	11,729	149,932	252,250	6,763	979,207
Additions	106,800			592,705	110,632	5,029	815,166
Disposal:							
- Cost	-	-	-	59,900	-	-	59,900
- Accumulated depreciation	-	-	-	(59,900)	-	-	(59,900)
Depreciation	(148,638)	(695)	(7,176)	(168,507)	(92,368)	(4,644)	(422,028)
Closing net carrying amount	<u>514,692</u>	<u>1,308</u>	<u>4,553</u>	<u>574,130</u>	<u>270,514</u>	<u>7,148</u>	<u>1,372,345</u>
At 31 December 2017							
Cost	6,271,592	119,406	1,022,258	1,100,705	1,703,465	110,254	10,327,680
Accumulated depreciation	(5,756,900)	(118,098)	(1,017,705)	(526,575)	(1,432,951)	(103,106)	(8,955,335)
Net carrying amount	<u>514,692</u>	<u>1,308</u>	<u>4,553</u>	<u>574,130</u>	<u>270,514</u>	<u>7,148</u>	<u>1,372,345</u>

10. SUBSIDIARY

Particulars of the subsidiary as at 31 December 2017 are as follows:

Name of subsidiary	Place of incorporation/ operation	Legal form	Percentage of issued capital held directly		Principal activities
			2017	2016	
Crossroads Global Village UK Limited	England and Wales	Limited by guarantee	100%	100%	Support UK business and charities seeking a partnership 'match' for their humanitarian and CSR programmes by facilitating use of Global Hand website

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2017

11. INVENTORIES

	2017	2016
	HK\$	HK\$
Finished goods	<u>435,653</u>	<u>397,484</u>

12. DEPOSITS, PREPAYMENTS AND OTHER RECEIVABLES

	2017	2016
	HK\$	HK\$
Deposits	580,090	1,104,198
Prepayments	1,104,792	329,768
Other receivables	439,938	511,948
	<u>2,124,820</u>	<u>1,945,914</u>

13. CASH AND CASH EQUIVALENTS

	2017	2016
	HK\$	HK\$
Cash at banks	4,584,277	6,173,841
Time deposits	240,000	240,000
	<u>4,824,277</u>	<u>6,413,841</u>

Cash and cash equivalents comprise cash held by the Group and short-term bank deposits with original maturity of three months or less. Short-term bank deposits carrying prevailing market interest rate of 0.001% (2016: 0.001%) per annum. Other bank balances earn interests at floating rates based on daily bank deposits rates.

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FOR THE YEAR ENDED 31 DECEMBER 2017

14. OTHER PAYABLES AND ACCRUALS

	2017	2016
	HK\$	HK\$
Other payables	2,166,512	2,153,146
Accruals	60,090	1,908
	2,226,602	2,155,054

15. AMOUNT DUE TO A DIRECTOR

The amount due to a director is unsecured, interest-free and repayable on demand.

16. SHARE CAPITAL

The Company has no share capital and is a company limited by guarantee. At the reporting date, the Company had five members (2016: five members). Each member of the Company has an obligation to contribute to the assets of the Company in the event of it being wound up, as may be required, for an amount not exceeding one hundred dollars.

17. OPERATING LEASE COMMITMENTS

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

	2017	2016
	HK\$	HK\$
Within one year	330,000	-

The Group leases the site, Perowne Barracks, Castle Peak Road, Hong Kong under operating lease of which the term is six months certain from 16 March 2016 and thereafter quarterly until termination. The rents for this tenancy are HK\$110,000 per month for residential use and HK\$1 per year. The lease does not include contingent rentals.

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2017

18. SUMMARY OF FINANCIAL ASSETS AND FINANCIAL LIABILITIES BY CATEGORY

The following table shows the carrying amounts and fair values of financial assets and financial liabilities as defined in Note 3.7:

	2017 HK\$	2016 HK\$
<i>Financial assets</i>		
Loans and receivables:		
- Deposits and other receivables	1,020,028	1,616,146
- Cash and cash equivalents	4,584,277	6,413,841
	<u>5,604,305</u>	<u>8,029,987</u>
<i>Financial liabilities at amortised cost</i>		
- Other payables and accruals	2,226,602	2,155,054
- Amount due to a director	404,653	413,374
	<u>2,631,255</u>	<u>2,568,428</u>

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

19. FINANCIAL RISK MANAGEMENT

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

The Group's principal financial instruments comprise deposits and other receivables, cash and cash equivalents, other payables and accruals and amount due to a director. The most significant financial risks to which the Group is exposed are described below.

(a) Foreign currency risk

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

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NOTES TO THE FINANCIAL STATEMENTS
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19. FINANCIAL RISK MANAGEMENT - Continued

(a) Foreign currency risk - Continued

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

	2017 Denominated in GBP HK\$
<i>As at 31 December</i>	
<i>Monetary assets:</i>	
- Cash and cash equivalents	<u>377,449</u>
<i>Monetary liabilities:</i>	
- Other payables and accruals	<u>(62,729)</u>
Net monetary assets	<u><u>314,720</u></u>
Foreign currency strengthen/(weaken) by:	<u><u>5%/ (5%)</u></u>
Increase/(Decrease) in surplus for the year	<u><u>15,736/(15,736)</u></u>
	2016 Denominated in GBP HK\$
<i>As at 31 December</i>	
<i>Monetary assets:</i>	
- Cash and cash equivalents	<u>160,013</u>
<i>Monetary liabilities:</i>	
- Other payables and accruals	<u>(1,908)</u>
Net monetary assets	<u><u>158,105</u></u>
Foreign currency strengthen/(weaken) by:	<u><u>5%/ (5%)</u></u>
Increase/(Decrease) in surplus for the year	<u><u>7,905/ (7,905)</u></u>

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NOTES TO THE FINANCIAL STATEMENTS
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19. FINANCIAL RISK MANAGEMENT - Continued

(a) Foreign currency risk - Continued

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

(b) Credit risk

As at 31 December 2017, the Group's maximum exposures to credit risk which will cause a financial loss to the Group due to failure to discharge an obligation by the counterparties are arising from the carrying amounts of the respective recognised financial assets as stated in the consolidated statements of financial position.

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

(c) Liquidity risk

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

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

	On demand HK\$	Less than 3 months HK\$	Total undiscounted cash flows HK\$	Carrying amount HK\$
As at 31 December 2017				
Non-derivative financial liabilities				
Other payables and accruals	-	2,226,602	2,226,602	2,226,602
Amount due to a director	<u>404,653</u>	<u>-</u>	<u>404,653</u>	<u>404,653</u>
	<u>404,653</u>	<u>2,226,602</u>	<u>2,631,255</u>	<u>2,631,255</u>
	On demand HK\$	Less than 3 months HK\$	Total undiscounted cash flows HK\$	Carrying amount HK\$
As at 31 December 2016				
Non-derivative financial liabilities				
Other payables and accruals	-	2,155,054	2,155,054	2,155,054
Amount due to a director	<u>413,374</u>	<u>-</u>	<u>413,374</u>	<u>413,374</u>
	<u>413,374</u>	<u>2,155,054</u>	<u>2,568,428</u>	<u>2,568,428</u>

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2017

20. CAPITAL RISK MANAGEMENT

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


21. RECONCILIATION OF LIABILITIES ARISING FROM FINANCING ACTIVITIES

The Group has no financing activities as shown on the consolidated statement of cash flow and accordingly it is not applicable to discuss reconciliation of liabilities arising from financing activities.

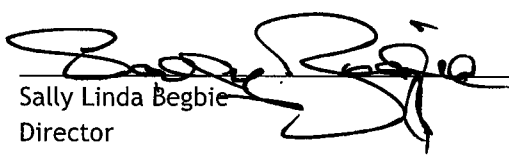
22. COMPANY LEVEL STATEMENT OF FINANCIAL POSITION

	2017 HK\$	2016 HK\$
ASSETS AND LIABILITIES		
Non-current assets		
Property, plant and equipment	<u>1,372,345</u>	<u>979,207</u>
Current assets		
Inventories	435,653	397,484
Deposits, prepayments and other receivables	2,105,159	1,945,914
Cash and cash equivalents	<u>4,560,185</u>	<u>6,355,356</u>
	<u>7,100,997</u>	<u>8,698,754</u>
Current liabilities		
Other payables and accruals	2,163,873	2,153,146
Amount due to a director	<u>404,653</u>	<u>413,374</u>
	<u>2,568,526</u>	<u>2,566,520</u>
Net current assets	<u>4,532,471</u>	<u>6,132,234</u>
Net assets	<u>5,904,816</u>	<u>7,111,441</u>
EQUITY		
Accumulated surplus	<u>5,904,816</u>	<u>7,111,441</u>
Total equity	<u>5,904,816</u>	<u>7,111,441</u>

On behalf of the directors



 Malcolm Bruce Begbie
 Director


 Sally Linda Begbie
 Director

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NOTES TO THE FINANCIAL STATEMENTS
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23. RESERVES

Group

The amounts of the Group's reserves and the movements therein for the current and prior years are presented in the consolidated statement of changes in equity on page 9 of the consolidated financial statements

Company

	Retained Surplus HK\$	Total HK\$
At 1 January 2016	4,807,866	4,807,866
Total comprehensive income for the year	<u>2,303,575</u>	<u>2,303,575</u>
At 31 December 2016 and 1 January 2017	7,111,441	7,111,441
Total comprehensive loss for the year	<u>(1,206,625)</u>	<u>(1,206,625)</u>
At 31 December 2017	<u>5,904,816</u>	<u>5,904,816</u>

(i) Foreign exchange reserve

The foreign exchange reserve comprises all foreign exchange differences arising from the translation of the financial statements of operations with functional currency other than HK\$. The reserve is dealt with in accordance with the accounting policies as set out in note 3.11.

24. APPROVAL OF FINANCIAL STATEMENTS

The financial statements for the year ended 31 December 2017 were approved and authorised for issue by the directors on

21 SEP 2018