

**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 2020**

**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 2020**

**CONTENTS**

	<b>Page</b>
Directors' Report	1
Independent Auditor's Report	4
Consolidated Statement of Profit or Loss and Other Comprehensive Income	7
Consolidated Statement of Financial Position	8
Consolidated Statement of Changes in Equity	9
Consolidated Statement of Cash Flows	10
Notes to the Financial Statements	11
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 2020.

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- (a) Through Crossroads Global Distribution the organisation receives Hong Kong's quality superseded goods and redistributes them to people in need, locally and internationally;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

- Global Hand
- Crossroads Global Distribution
- Crossroads Global Handicrafts
- Crossroads Global Village
- Silk Road Café
- Global X-Perience
- GoodCity.HK

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

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

**DIRECTORS' REPORT**

**RESULTS AND APPROPRIATIONS**

The financial performance of the Group for the year ended 31 December 2020 and the financial position of the Group at that date are set out in the financial statements on pages 7 to 40.

**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 2020 are set out in note 12 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**

Save as disclosed in note 18 to the consolidated financial statements, no other 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.

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

**DIRECTORS' REPORT**

**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).

**BUSINESS REVIEW**

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

**AUDITOR**

A resolution has been proposed at the annual general meeting of the Company to re-appoint the auditor, BDO Limited.

On behalf of the directors



---

Malcolm Bruce Begbie  
Director

Hong Kong,      08 OCT 2021



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

25<sup>th</sup> Floor Wing On Centre  
111 Connaught Road Central  
Hong Kong

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

香港干諾道中111號  
永安中心25樓

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

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

## 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 subsidiary (together the "Group") set out on pages 7 to 40, which comprise the consolidated statement of financial position as at 31 December 2020, 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 2020, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards ("HKFRS") 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, 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 HKFRS 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 HKSAAs 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 HKSAAs, 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**

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

**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**  
Certified Public Accountants  
CHIU Wing Cheung Ringo  
Practising Certificate Number P04434

Hong Kong, 8 October 2021



**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 2020**

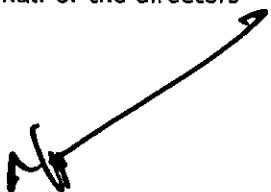
	Notes	2020 HK\$	2019 HK\$
Revenue	5	13,757,997	16,225,223
Global Handicrafts inventory expenses		(260,286)	(367,192)
Depreciation		(475,975)	(470,234)
Other operating expenses		(13,457,806)	(15,703,816)
Finance cost	9	<u>(2,618)</u>	<u>-</u>
Loss for the year	6	<u>(438,688)</u>	<u>(316,019)</u>
<b>Other comprehensive income for the year</b>			
- Exchange difference arising from translation of foreign operations		<u>3,303</u>	<u>5,158</u>
<b>Total comprehensive loss for the year</b>		<u><u>(435,385)</u></u>	<u><u>(310,861)</u></u>

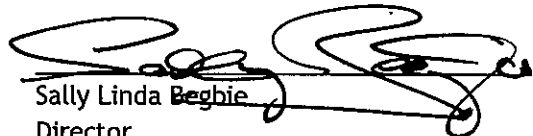
**CROSSROADS FOUNDATION LIMITED**  
**國際十字路協會有限公司**

**CONSOLIDATED STATEMENT OF FINANCIAL POSITION**  
**AS AT 31 DECEMBER 2020**

	Notes	2020 HK\$	2019 HK\$
<b>ASSETS AND LIABILITIES</b>			
<b>Non-current assets</b>			
Property, plant and equipment	11	<u>1,025,598</u>	<u>1,188,081</u>
<b>Current assets</b>			
Inventories	13	136,095	335,467
Deposits, prepayments and other receivables	14	1,267,981	1,669,116
Cash and cash equivalents	15	<u>2,128,585</u>	<u>2,274,880</u>
		<u>3,532,661</u>	<u>4,279,463</u>
<b>Current liabilities</b>			
Other payables and accruals	16	915,034	1,781,693
Contract liabilities	17	300,000	-
Amount due to a director	18	317,674	337,070
Lease liabilities	19	<u>24,291</u>	<u>-</u>
		<u>1,556,999</u>	<u>2,118,763</u>
<b>Net current assets</b>		<u>1,975,662</u>	<u>2,160,700</u>
<b>Total asset less current liabilities</b>		<u>3,001,260</u>	<u>3,348,781</u>
<b>Non-current liabilities</b>			
Lease liabilities	19	<u>87,864</u>	<u>-</u>
<b>Net assets</b>		<u>2,913,396</u>	<u>3,348,781</u>
<b>EQUITY</b>			
Translation reserve		(34,019)	(37,322)
Accumulated surplus		<u>2,947,415</u>	<u>3,386,103</u>
<b>Total equity</b>		<u>2,913,396</u>	<u>3,348,781</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 2020**

	Translation reserve HK\$	Accumulated surplus HK\$	Total HK\$
Balance at 1 January 2019	(42,480)	3,702,122	3,659,642
Loss for the year	-	(316,019)	(316,019)
Other comprehensive loss for the year			
- Exchange difference arising from translations of foreign operations	5,158	-	5,158
Total comprehensive loss for the year	<u>5,158</u>	<u>(316,019)</u>	<u>(310,861)</u>
Balance at 31 December 2019 and 1 January 2020	(37,322)	3,386,103	3,348,781
Loss for the year	-	(438,688)	(438,688)
Other comprehensive income for the year			
- Exchange difference arising from translations of foreign operations	3,303	-	3,303
Total comprehensive loss for the year	<u>3,303</u>	<u>(438,688)</u>	<u>(435,385)</u>
Balance at 31 December 2020	<u>(34,019)</u>	<u>2,947,415</u>	<u>2,913,396</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 2020**

	2020 HK\$	2019 HK\$
<b>Cash flows from operating activities</b>		
Loss for the year	(438,688)	(316,019)
Adjustments for :		
Depreciation of property, plant and equipment	475,975	470,234
Write-down of inventories	126,975	-
Write-off on property, plant and equipment	3,184	-
Finance cost	2,618	-
Interest income	(14)	(1,294)
Operating profit before working capital changes	170,050	152,921
Decrease in inventories	72,397	25,896
Decrease in deposits, prepayments and other receivables	401,135	1,556,731
Decrease in other payables and accruals	(866,659)	(1,002,880)
Increase in contract liabilities	300,000	-
Decrease in amount due to a director	(19,396)	(13,075)
<i>Net cash generated from operating activities</i>	<u>57,527</u>	<u>719,593</u>
<b>Cash flows from investing activities</b>		
Interest received	14	1,294
Purchase of property, plant and equipment	(184,729)	(574,988)
<i>Net cash used in investing activities</i>	<u>(184,715)</u>	<u>(573,694)</u>
<b>Cash flows from financing activities</b>		
Repayment of lease liabilities	(22,410)	-
<i>Net cash used in financing activities</i>	<u>(22,410)</u>	<u>-</u>
<b>Net (decrease)/increase in cash and cash equivalents</b>	(149,598)	145,899
<b>Effect on foreign exchange rate changes</b>	3,303	5,158
<b>Cash and cash equivalents at beginning of year</b>	<u>2,274,880</u>	<u>2,123,823</u>
<b>Cash and cash equivalents at end of year</b>	<u><u>2,128,585</u></u>	<u><u>2,274,880</u></u>
<b>Analysis of the balances of cash and cash equivalents</b>		
Cash and bank balances	1,888,585	2,034,880
Time deposits	240,000	240,000
	<u>2,128,585</u>	<u>2,274,880</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 2020**

**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:

- Global Hand
- Crossroads Global Distribution
- Crossroads Global Handicrafts
- Crossroads Global Village
- Silk Road Café
- Global X-Perience
- GoodCity.HK

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 Corporate Social Responsibility programmes by facilitating use of Global Hand website and offering themed, immersive environment for experience global need first hand.

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 2020**

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

**2.1 Adoption of new/revised HKFRSs - effective 1 January 2020**

In the current year, the Group has applied the following revised HKFRSs issued by the Hong Kong Institutes of Certified Public Accountants (“HKICPA”) which are relevant to the Group and effective for the Group’s consolidated financial statements for the annual period beginning on 1 January 2020.

Amendments to HKAS 1 and HKAS 8	Definition of Material
Amendments to HKFRS 3	Definition of a Business

None of these new or amended HKFRSs has a material impact on the Group’s results and financial position for the current or prior period.

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

The following new/revised HKFRSs, potentially relevant to the Group’s consolidated financial statements, 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.

Amendments to HKAS 39, HKFRS 4, HKFRS 7, HKFRS 9 and HKFRS 16, Interest Rate Benchmark Reform - Phase 2<sup>1</sup>  
Annual Improvements to HKFRSs 2018-2020<sup>2</sup>  
Amendments to HKAS 37, Onerous Contracts - Cost of Fulfilling a Contract<sup>2</sup>  
Amendments to HKAS 1, Classification of Liabilities as Current or Non-current<sup>3</sup>

<sup>1</sup> Effective for annual periods beginning on or after 1 January 2021.

<sup>2</sup> Effective for annual periods beginning on or after 1 January 2022.

<sup>3</sup> Effective for annual periods beginning on or after 1 January 2023.

**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 2020**

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

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

**Amendments to HKAS 39, HKFRS 4, HKFRS 7, HKFRS 9 and HKFRS 16, Interest Rate Benchmark Reform - Phase 2**

The amendments address issues that might affect financial reporting when a company replaces the old interest rate benchmark with an alternative benchmark rate as a result of the interest rate benchmark reform (the “Reform”). The amendments complement those issued in November 2019 and relate to (a) changes to contractual cash flows in which an entity will not have to derecognise or adjust the carrying amount of financial instruments for changes required by the Reform, but will instead update the effective interest rate to reflect the change to the alternative benchmark rate; (b) hedge accounting in which an entity will not have to discontinue its hedge accounting solely because it makes changes required by the Reform, if the hedge meets other hedge accounting criteria; and (c) disclosures in which an entity will be required to disclose information about new risks arising from the Reform and how it manages the transition to alternative benchmark rates.

The directors of the Group do not anticipate that the application of the amendments in the future will have an impact on the consolidated financial statements.

**Annual Improvements to HKFRSs 2018-2020**

The annual improvements amends a number of standards, including:

- HKFRS 9, Financial Instruments, which clarify the fees included in the ‘10 per cent’ test in paragraph B3.3.6 of HKFRS 9 in assessing whether to derecognise a financial liability, explaining that only fees paid or received between the entity and the lender, including fees paid or received by either the entity or the lender on other’s behalf are included.
- HKFRS 16, Leases, which amend Illustrative Example 13 to remove the illustration of reimbursement of leasehold improvements by the lessor in order to resolve any potential confusion regarding the treatment of lease incentives that might arise because of how lease incentives are illustrated in that example.

The directors of the Group do not anticipate that the application of the amendments in the future will have an impact on the consolidated financial statements.

**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 2020**

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

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

**Amendments to HKAS 37, Onerous Contracts - Cost of Fulfilling a Contract**

The amendments specify that the ‘cost of fulfilling’ a contract comprises the ‘costs that relate directly to the contract’. Costs that relate directly to a contract can either be incremental costs of fulfilling that contract (e.g. direct labour and materials) or an allocation of other costs that relate directly to fulfilling contracts (e.g. the allocation of the depreciation charge for an item of property, plant and equipment used in fulfilling the contract).

The directors of the Group is currently assessing the impact that the application of the amendments will have on the Group’s consolidated financial statements.

**Amendments to HKAS 1, Classification of Liabilities as Current or Non-current**

The amendments clarify that the classification of liabilities as current or non-current is based on rights that are in existence at the end of the reporting period, specify that classification is unaffected by expectations about whether an entity will exercise its right to defer settlement of a liability and explain that rights are in existence if covenants are complied with at the end of the reporting period. The amendments also introduce a definition of ‘settlement’ to make clear that settlement refers to the transfer to the counterparty of cash, equity instruments, other assets or services.

The directors of the Group do not anticipate that the application of the amendments and revision in the future will have an impact on the consolidated financial statements.



**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 2020**

**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.

**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.

**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 2020**

**3. SIGNIFICANT ACCOUNTING POLICIES - Continued**

**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.

**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 over their estimated useful lives on a straight-line basis. The useful lives 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.

**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 2020**

**3. SIGNIFICANT ACCOUNTING POLICIES - Continued**

**3.5 Leases- as lessee**

A right-of-use asset and a lease liability are recognised at the lease commencement date. The right-of-use asset is initially measured at cost, and subsequently at cost less any accumulated depreciation and impairment losses, and adjusted for certain remeasurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Group's incremental borrowing rate. Generally, the Company uses its incremental borrowing rate as the discount rate.

The lease liability is subsequently increased by the interest cost on the lease liability and decreased by lease payment made. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, a change in the estimate of the amount expected to be payable under a residual value guarantee, or as appropriate, changes in the assessment whether a purchase or extension option is reasonably certain to be exercised or a termination option is reasonably certain not to be exercised.

**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.

**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 2020**

**3. SIGNIFICANT ACCOUNTING POLICIES - Continued**

**3.6 Impairment of other assets - Continued**

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.

**3.7 Financial instruments**

**(i) *Financial assets***

A financial asset (unless it is a trade receivable without a significant financing component) is initially measured at fair value. A trade receivable without a significant financing component is initially measured at the transaction price.

All regular way purchases and sales of financial assets are recognised on the trade date, that is, the date that the Group commits to purchase or sell the asset. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the period generally established by regulation or convention in the market place.

**Debt instruments**

Subsequent measurement of debt instruments depends on the Group's business model or managing the asset and the cash flow characteristics of the asset. There is only one measurement category into which the Group classifies its debt instruments:

**Amortised cost:** Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. Financial assets at amortised cost are subsequently measured using the effective interest rate method. Interest income, foreign exchange gains and losses and impairment are recognised in profit or loss. Any gain on derecognition is recognised in profit or loss.

**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 2020**

**3. SIGNIFICANT ACCOUNTING POLICIES - Continued**

**3.7 Financial instruments - Continued**

***(ii) Impairment loss on financial assets***

The Group recognises loss allowances for expected credit losses (“ECLs”) on debt financial assets at amortised cost. The ECLs are measured on either of the following bases: (1) 12-months ECLs: these are the ECLs that result from possible default events within the 12 months after the reporting date; or (2) lifetime ECLs: these are ECLs that result from all possible default events over the expected life of a financial instrument. The maximum period considered when estimating ECLs is the maximum contractual period over which the Group is exposed to credit risk.

ECLs are a probability-weighted estimate of credit losses. Credit losses are measured as the difference between all contractual cash flows that are due to the Group in accordance with the contract and all the cash flows that the Group expects to receive. The shortfall is then discounted at an approximation to the assets’ original effective interest rate.

For debt financial assets, the ECLs are based on the 12-months ECLs. However, when there has been a significant increase in credit risk since origination, the allowance will be based on the lifetime ECLs.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECLs, the Group considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information analysis, based on the Group’s historical experience and informed credit assessment and including forward-looking information.

The Group assumes that the credit risk on a financial asset has increased significantly if it is more than 30 days past due.

**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 2020**

**3. SIGNIFICANT ACCOUNTING POLICIES - Continued**

**3.7 Financial instruments - Continued**

***(ii) Impairment loss on financial assets - Continued***

The Group considers a financial asset to be credit-impaired when: (1) the borrower is unlikely to pay its credit obligations to the Group in full, without recourse by the Group to actions such as realising security (if any is held); or (2) the financial asset is more than 90 days past due.

Interest income on credit-impaired financial assets is calculated based on the amortised cost (i.e. the gross carrying amount less loss allowance) of the financial asset. For non credit-impaired financial assets, interest income is calculated based on the gross carrying amount.

***(iii) Financial liabilities***

The Group classifies its financial liabilities, depending on the purpose for which the liabilities were incurred. Financial liabilities at amortised cost 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 director are subsequently measured at amortised cost, using the effective interest method. The related interest expense is recognised in profit or loss. Gains or losses are recognised in profit or loss when the liabilities are derecognised as well as through the amortisation process.

***(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 interest 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 liability, or where appropriate, a shorter period.

**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 2020**

**3. SIGNIFICANT ACCOUNTING POLICIES - Continued**

**3.7 Financial instruments - Continued**

*(v) Derecognition*

The Group derecognises a financial asset when the contractual rights to the 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 HKFRS 9.

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.

**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 from contracts with customers is recognised when control of goods or services is transferred to the customers at an amount that reflects the consideration to which the Group expects to be entitled in exchange for those goods or services, excluding those amounts collected on behalf of third parties.

**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 2020**

**3. SIGNIFICANT ACCOUNTING POLICIES - Continued**

**3.10 Revenue recognition - Continued**

Depending on the terms of the contract and the laws that apply to the contract, control of the goods or services may be transferred over time or at a point in time. Control of the goods or services is transferred over time if the Group's performance:

- provides all of the benefits received and consumed simultaneously by the customer;
- creates or enhances an asset that the customer controls as the Group performs; or
- does not create an asset with an alternative use to the Group and the Group has an enforceable right to payment for performance completed to date.

If control of the goods or services transfers over time, revenue is recognised over the period of the contract by reference to the progress towards complete satisfaction of that performance obligation. Otherwise, revenue is recognised at a point in time when the customer obtains control of the goods or services.

When the contract contains a financing component which provides the customer a significant benefit of financing the transfer of goods or services to the customer for more than one year, revenue is measured at the present value of the amounts receivable, discounted using the discount rate that would be reflected in a separate financing transaction between the Group and the customer at contract inception.

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

Revenue from global handicrafts is recognised when the customer takes possession of and accepts the goods. If the goods are a partial fulfilment of a contract covering other goods, then the amount of revenue recognised is an appropriate proportion of the total transaction price under the contract, allocated between all the goods promised under the contract on a relative stand-alone selling price basis.

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



**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 2020**

**3. SIGNIFICANT ACCOUNTING POLICIES - Continued**

**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 that are measured in terms of historical cost in a foreign currency are not retranslated.

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

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.

**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 2020**

**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**  
**國際十字路協會有限公司**

**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2020**

**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**

	2020 HK\$	2019 HK\$
<b>Revenue</b>		
Donations received	13,541,224	15,678,057
<b>Other revenue</b>		
Interest income	14	1,294
Others	59,159	47,350
Sales of goods - Global handicrafts	157,600	498,522
	<u>216,773</u>	<u>547,166</u>
<b>Total revenue</b>	<u>13,757,997</u>	<u>16,225,223</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 2020**

**6. LOSS FOR THE YEAR**

Loss for the year is arrived at after charging:

	2020 HK\$	2019 HK\$
Auditor's remuneration	15,000	-
Depreciation of property, plant and equipment		
- Owned property, plant and equipment	456,652	470,234
- Right-of-use assets	19,323	-
Write-down of inventories	126,975	-
Short-term leases	1,512,000	1,472,258
Employee benefit expenses (note 7)	<u>1,269,541</u>	<u>1,160,202</u>

**7. EMPLOYEE BENEFIT EXPENSES**

	2020 HK\$	2019 HK\$
Salaries, allowances and benefits in kind	1,226,666	1,125,273
Retirement benefit contributions	<u>42,875</u>	<u>34,929</u>
	<u>1,269,541</u>	<u>1,160,202</u>

**8. 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:

	2020 HK\$	2019 HK\$
Fees	-	-
Other remuneration	<u>-</u>	<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 2020**

**9. FINANCE COST**

	<b>2020</b>	<b>2019</b>
	<b>HK\$</b>	<b>HK\$</b>
Interest on lease liabilities	2,618	-

**10. 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.

**11. PROPERTY, PLANT AND EQUIPMENT**

	Leasehold improvements HK\$	Office equipment HK\$	Computer equipment HK\$	Motor vehicles HK\$	Warehouse equipment HK\$	Photographic equipment HK\$	Total HK\$
<b>At 1 January 2019</b>							
Cost	6,080,312	119,406	1,038,395	1,100,705	1,590,416	110,254	10,039,488
Accumulated depreciation	(5,714,969)	(118,793)	(1,022,125)	(702,843)	(1,290,203)	(107,228)	(8,956,161)
<b>Net carrying amount</b>	365,343	613	16,270	397,862	300,213	3,026	1,083,327
<b>Year ended 31 December 2019</b>							
Opening net carrying amount	365,343	613	16,270	397,862	300,213	3,026	1,083,327
Additions	535,690	-	20,600	-	7,500	11,198	574,988
Disposal:							
- Cost	-	-	-	-	-	-	-
- Accumulated depreciation	(221,597)	(613)	(6,872)	(136,417)	(101,526)	(3,209)	(470,234)
<b>Closing net carrying amount</b>	679,436	-	29,998	261,445	206,187	11,015	1,188,081
<b>At 31 December 2019 and 1 January 2020</b>							
Cost	6,616,002	119,406	1,058,995	1,100,705	1,597,916	121,452	10,614,476
Accumulated depreciation	(5,936,566)	(119,406)	(1,028,997)	(839,260)	(1,391,729)	(110,437)	(9,426,395)
<b>Net carrying amount</b>	679,436	-	29,998	261,445	206,187	11,015	1,188,081
<b>Year ended 31 December 2020</b>							
Opening net carrying amount	679,436	-	29,998	261,445	206,187	11,015	1,188,081
Additions	-	131,947	55,379	-	129,350	-	316,676
Write off:							
- Cost	-	-	(5,225)	-	-	-	(5,225)
- Accumulated depreciation	(232,986)	(19,323)	(11,886)	(118,541)	(89,994)	(3,245)	(475,975)
<b>Depreciation</b>	(232,986)	(19,323)	(11,886)	(118,541)	(89,994)	(3,245)	(475,975)
<b>Closing net carrying amount</b>	446,450	112,624	70,307	142,904	245,543	7,770	1,025,598
<b>At 31 December 2020</b>							
Cost	6,616,002	251,353	1,109,149	1,100,705	1,727,266	121,452	10,925,927
Accumulated depreciation	(6,169,552)	(138,729)	(1,038,842)	(957,801)	(1,481,723)	(113,682)	(9,900,329)
<b>Net carrying amount</b>	446,450	112,624	70,307	142,904	245,543	7,770	1,025,598

**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 2020**

**11. PROPERTY, PLANT AND EQUIPMENT - Continued**

**Right-of-Use assets**

	<b>Office equipment HK\$</b>
At 1 January 2020	-
Additions	131,947
Amortisation	(19,323)
At 31 December 2020	112,624

**12. SUBSIDIARY**

Particulars of the subsidiary as at 31 December 2020 are as follows:

Name of subsidiary	Place of incorporation/ operation	Legal form	Percentage of issued capital held directly		Principal activities
			2020	2019	
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

**13. INVENTORIES**

	<b>2020 HK\$</b>	<b>2019 HK\$</b>
Finished goods	136,095	335,467

**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 2020**

**14. DEPOSITS, PREPAYMENTS AND OTHER RECEIVABLES**

	2020 HK\$	2019 HK\$
Deposits	792,611	628,584
Prepayments	143,803	190,613
Other receivables	331,567	849,919
	<u>1,267,981</u>	<u>1,669,116</u>

Further details on the Group's credit policy and credit risk arising from other receivables are set out in note 25(b).

The Group recognises impairment loss on fee receivables based on the accounting policy stated in note 3.7(ii).

**15. CASH AND CASH EQUIVALENTS**

	2020 HK\$	2019 HK\$
Cash at banks and in hand	1,888,585	2,034,880
Time deposits	240,000	240,000
	<u>2,128,585</u>	<u>2,274,880</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 0.01% (2019: 0.01%) per annum. Other bank balances earn interests at floating rates based on daily bank deposits rates.

**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 2020**

**16. OTHER PAYABLES AND ACCRUALS**

	2020 HK\$	2019 HK\$
Other payables	682,621	1,602,629
Accruals	<u>232,413</u>	<u>179,064</u>
	<u>915,034</u>	<u>1,781,693</u>

**17. CONTRACT LIABILITIES**

	2020 HK\$	2019 HK\$
Contract liabilities arising from: Distribution and collection of donated goods, and process and refurbishment of goods	<u>300,000</u>	<u>-</u>

Movement in contract liabilities

	2020 HK\$	2019 HK\$
Increase in contract liabilities as result of payment in advance of distribution and collection of donated goods, and process and refurbishment of goods	<u>300,000</u>	<u>-</u>
Balance at 31 December	<u>300,000</u>	<u>-</u>

**18. AMOUNT DUE TO A DIRECTOR**

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



**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 2020**

**19. LEASE LIABILITIES**

The Group leases a photocopiers in Hong Kong for a term of 5 years commencing from Apr of August 2020. According to HKFRS 16, the right-of-use asset and the lease liability in respect of the lease was recognised at the lease commencement date. The movements in lease liabilities during the year is as follows:

	2020 HK\$	2019 HK\$
<b>Lease liability</b>		
Carrying amount at 1 January	-	-
Additions	131,947	-
Interests charged for the year (note 9)	2,618	-
Rental paid during the year	<u>(22,410)</u>	<u>-</u>
Carrying amount at 31 December	<u>112,155</u>	<u>-</u>

Future lease payments as at 31 December 2020 are due as follows:

	Minimum lease payments HK\$	Interest payment HK\$	Present value HK\$
Not later than one year	29,880	(5,589)	24,291
Later than one year and not later than two years	29,880	(4,346)	25,534
Later than two year and not later than five years	<u>67,230</u>	<u>(4,900)</u>	<u>62,330</u>
	<u>126,990</u>	<u>(14,835)</u>	<u>112,155</u>

The present value of future lease payments as at 31 December 2020 and 2019 are analysed as follows:

	2020 HK\$	2019 HK\$
Current liabilities	24,291	-
Non-current liabilities	<u>87,864</u>	<u>-</u>
	<u>112,155</u>	<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 2020**

**20. SHARE CAPITAL**

The Company has no share capital and is a company limited by guarantee. At the reporting date, the Company had five members (2019: 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.

**21. NOTES SUPPORTING CASH FLOWS STATEMENT**

The table below details changes in the Group's liabilities arising from financing activities. Liabilities arising from financing activities are those for which cash flows were, or future cash flows will be, classified in the Group's consolidated financial statements of cash flows as cash flows from financing activities.

	2020 HK\$	2019 HK\$
<b>Lease liability</b>		
At 1 January	-	-
Changes from financing cash flows:		
- Rental paid during the year	<u>(22,410)</u>	<u>-</u>
Total changes from financing cash flows	<u>(22,410)</u>	<u>-</u>
Other changes:		
- Addition	131,947	-
- Finance costs	<u>2,618</u>	<u>-</u>
Total other changes	<u>134,565</u>	<u>-</u>
At 31 December	<u>112,155</u>	<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 2020**

**22. 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:

	2020 HK\$	2019 HK\$
Within one year	<u>378,000</u>	<u>378,000</u>

The Group is a lessee in respect of certain warehouse, volunteers' facilities and office premise.

The Group leases the site, Perowne Barracks, Castle Peak Road, Hong Kong under operating lease of which the term was six months certain from 16 March 2016 and thereafter quarterly until termination at HK\$110,000 (revised to HK\$126,000 since 16 March 2019) per month for residential use. The lessor has the right to terminate at any time with a three-month notice. The Group also leases the land in Tsing Chau Wan, Hong Kong at HK\$1 per annum. The leases do not include contingent rentals.

**23. BANKING FACILITY**

As at 31 December 2020, a banking facility of HK\$240,000 (2019: HK\$240,000) on a corporate credit card was granted to the Group.

**24. 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:

	2020 HK\$	2019 HK\$
<b><i>Financial assets at amortised cost</i></b>		
- Deposits and other receivables	1,124,178	1,478,503
- Cash and cash equivalents	<u>2,128,585</u>	<u>2,274,880</u>
	<u>3,252,763</u>	<u>3,753,383</u>
<b><i>Financial liabilities at amortised cost</i></b>		
- Other payables and accruals	915,034	1,781,693
- Amount due to a director	317,674	337,070
- Lease liabilities	<u>112,155</u>	<u>-</u>
	<u>1,344,863</u>	<u>2,118,763</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 2020**

**24. SUMMARY OF FINANCIAL ASSETS AND FINANCIAL LIABILITIES BY CATEGORY - Continued**

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.

**25. 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.

**(a) Foreign currency risk**

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.

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

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

**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 2020**

**25. FINANCIAL RISK MANAGEMENT - Continued**

**(a) Foreign currency risk - Continued**

	2020 Denominated in GBP HK\$	2019 Denominated in GBP HK\$
<i>As at 31 December</i>		
<i>Monetary assets:</i>		
- Deposits and other receivables	29,095	-
- Cash and cash equivalents	212,987	56,823
	<u>242,082</u>	<u>56,823</u>
<i>Monetary liabilities:</i>		
- Other payables and accruals	(1,058)	(41,357)
	<u>(1,058)</u>	<u>(41,357)</u>
<b>Net monetary assets</b>	<u>241,024</u>	<u>15,466</u>
<b>Foreign currency strengthen/(weaken) by:</b>	<u>5%/(5%)</u>	<u>5%/(5%)</u>
<b>Increase/(Decrease) in surplus for the year</b>	<u>12,051/(12,051)</u>	<u>773/(773)</u>

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 2020, 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's credit risk is primarily attributable to its deposits and other receivables and money deposited in financial institutions.

**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 2020**

**25. FINANCIAL RISK MANAGEMENT - Continued**

**(b) Credit risk - Continued**

Cash and cash equivalents are bank deposits placed with a reputable bank. The director considered the Group's exposure to the credit risk on these bank deposits is low because the counterparty is a bank with high credit ratings assigned by international credit rating agencies.

Rental and utility deposits are refundable upon the expiration of the tenancy agreement.

For other receivables, the Group measures loss allowances for other receivable at an amount equal to 12-month ECLs, which is calculated using a provision matrix. As the Group's historical credit loss experience does not indicate significantly different loss patterns for different customer segments, the loss allowance based on past due status is not further distinguished between the Group's different customer bases. The loss allowance under 12-month ECLs is immaterial.

Management considered the probability of default to be close to zero based on the payment history and capacity of recipients. As a result, no loss allowance has been recognised based on 12-month ECLs.

Management has a credit policy in place and the exposures to these credit risks are monitored on an ongoing basis.

**(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.

**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 2020**

**25. FINANCIAL RISK MANAGEMENT - Continued**

**(c) Liquidity risk - Continued**

	within 1 year or on demand HK\$	More than 1 year but less than 2 years HK\$	More than 2 years but less than 5 years	Total undiscounted cash flows HK\$	Carrying amount HK\$
<i>As at 31 December 2020</i>					
<i>Non-derivative financial liabilities</i>					
Other payables and accruals	915,034	-	-	915,034	915,034
Amount due to a director	317,674	-	-	317,674	317,674
Lease liabilities	<u>29,880</u>	<u>29,880</u>	<u>67,230</u>	<u>126,990</u>	<u>112,155</u>
	<u>1,262,588</u>	<u>29,880</u>	<u>67,230</u>	<u>1,359,698</u>	<u>1,344,863</u>
<i>As at 31 December 2019</i>					
<i>Non-derivative financial liabilities</i>					
Other payables and accruals	1,781,693	-	-	1,781,693	1,781,693
Amount due to a director	337,070	-	-	337,070	337,070
Lease liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<u>2,118,763</u>	<u>-</u>	<u>-</u>	<u>2,118,763</u>	<u>2,118,763</u>

**26. CAPITAL RISK MANAGEMENT**

The Group has no capital as explained in note 20 and accordingly it is not applicable to discuss capital risk management.

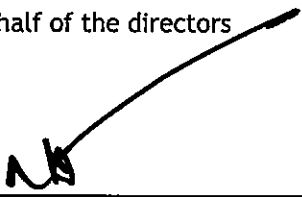
**CROSSROADS FOUNDATION LIMITED**  
**國際十字路協會有限公司**

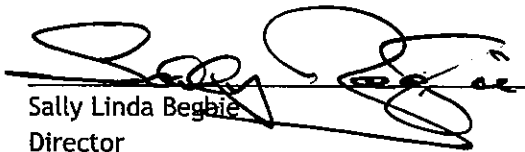
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2020**

**27. COMPANY LEVEL STATEMENT OF FINANCIAL POSITION**

	Note	2020 HK\$	2019 HK\$
<b>ASSETS AND LIABILITIES</b>			
<b>Non-current assets</b>			
Property, plant and equipment		<u>1,025,598</u>	<u>1,188,081</u>
<b>Current assets</b>			
Inventories		136,095	335,467
Deposits, prepayments and other receivables		1,226,049	1,660,699
Cash and cash equivalents		<u>1,943,605</u>	<u>2,102,628</u>
		<u>3,305,749</u>	<u>4,098,794</u>
<b>Current liabilities</b>			
Other payables and accruals		913,977	1,780,843
Contract liabilities		300,000	-
Amount due to a director		317,674	337,070
Lease liabilities		<u>24,291</u>	<u>-</u>
		<u>1,555,942</u>	<u>2,117,913</u>
<b>Net current assets</b>		<u>1,749,807</u>	<u>1,980,881</u>
<b>Total asset less current liabilities</b>		<u>2,775,405</u>	<u>3,168,962</u>
<b>Non-current liabilities</b>			
Lease liabilities		<u>87,864</u>	<u>-</u>
<b>Net assets</b>		<u>2,687,541</u>	<u>3,168,962</u>
<b>EQUITY</b>			
Accumulated surplus	28	<u>2,687,541</u>	<u>3,168,962</u>
<b>Total equity</b>		<u>2,687,541</u>	<u>3,168,962</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**

**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2020**

**28. 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.

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.

*Company*

	<b>Accumulated Surplus HK\$</b>
At 1 January 2019	3,480,329
Total comprehensive loss for the year	<u>(311,367)</u>
At 31 December 2019 and 1 January 2020	3,168,962
Total comprehensive loss for the year	<u>(481,421)</u>
At 31 December 2020	<u>2,687,541</u>

**29. EVENT AFTER REPORT DATE AND EFFECT ON COVID-19**

The World Health Organisation declared coronavirus and Covid-19 a global health emergency on 30 January 2020. Since then, the Group has experienced disruptions particularly to the Global X-perience division where legislated lockdown stopped all visitors to the site. While this caused the revenue to drop to zero for several months, the activity recommenced via a limited online activity. The negative impact continued to the end of the 2020 year under consideration, but school groups and corporate visits recommenced in earnest during the second quarter of the following financial year. The lockdown and subsequent restrictions re travel, group sizes, etc impacted also the fair trade business of Global Handicrafts and the Silk Road Café. The turnover of these has also begun to increase since relaxation in restrictions have come into force.

Indirectly, the number of container shipments reduced as a result of Covid-19 impacted port issues in the recipient countries. While not directly as a result of Covid-19, the international shipping numbers are likely to be reduced for perhaps 2 years due to the disruptions within the shipping industry. The work of the local distribution of welfare goods continues without impact.

**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 2020**

**29. EVENT AFTER REPORT DATE AND EFFECT ON COVID-19- Continued**

While the end of Covid-19 restrictions is unknown, it is noted that the expenditures of Crossroads are largely elastic and maybe varied up and down according the levels of shipping and other activities. The directors continue to watch this balance very closely.

As indicated, the directors of the Company continue to assess the implications of Covid-19 pandemic to the organisation. Depending on the duration of the Covid-19 pandemic and continued negative impact on economic activity, Crossroads might experience further negative results, and liquidity restraints and incur additional impairments on its assets in 2021.

**30. APPROVAL OF FINANCIAL STATEMENTS**

The financial statements for the year ended 31 December 2020 were approved and authorised for issue by the directors on 8 October 2021.