

CENTER FOR CROSS CULTURAL SERVICE LIMITED
FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2021
 (Expressed in Hong Kong dollars)

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Certified True Copy

Chan Kin Sang
 Director / Secretary



Date : **31 DEC 2021**



PETER LAM & CO.
 CERTIFIED PUBLIC ACCOUNTANTS



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CENTER FOR CROSS CULTURAL SERVICE LIMITED
DIRECTORS' REPORT
FOR THE YEAR ENDED 31 MARCH 2021

The directors have pleasure in presenting their annual report and the audited financial statements for the reporting period ended 31 March 2021.

RESULTS

Results and cash flows of the Company for the reporting period ended 31 March 2021 and the state of the Company's affairs at that date are set out in the attached financial statements.

PRINCIPAL ACTIVITIES

The principal activities of the Company involve the promoting of education and academic cultural exchange with Qingyuan province of the People's Republic of China and providing financial assistance to enable students in need to pursue their studies.

FIXED ASSETS

During the reporting period, the Company acquired office equipment and furniture and fixture for approximately HK\$9,000. Details of these acquisitions and other movements are set out in Note 5 to the financial statements.

RESERVES

Movements in reserves during the reporting period are shown on page 9 of the financial statements.

DIRECTORS

The following directors held office during the reporting period and up to the date of this report were: -

CHAN Kin Sang
HOH Hin Wing Solomon
CHAN Woon Yee, Winnie
CHU Fung Chu
LAU Kai Ming
NG Tsz San

(Appointed on 10 October 2020)

All directors will retire in accordance with provisions of the Company's Articles of Association and, being eligible, offer themselves for re-election at the forthcoming annual general meeting.

Ms. YIP Sau Wah resigned on 10 October 2020 as executive director of the Company. Ms. YIP Sau Wah has confirmed that she has no disagreement with the Board and nothing relating to the affairs of the Company needed to be brought to the attention of the members of the Company.

**CENTER FOR CROSS CULTURAL SERVICE LIMITED
DIRECTORS' REPORT
FOR THE YEAR ENDED 31 MARCH 2021**

(Cont'd)

DIRECTORS' MATERIAL INTERESTS IN TRANSACTIONS, ARRANGEMENTS AND CONTRACTS THAT ARE SIGNIFICANT TO THE COMPANY'S OPERATIONS

There was no transactions, arrangements and contract of significance to which the Company was a party and in which a director had a material interest, whether directly or indirectly, subsisting at the end of the reporting period or at any time during the reporting period. At no time during the reporting period was the Company a party to any arrangements to enable the directors of the Company to acquire benefits by means of acquisition of shares in, or debentures of, the Company or any other body corporate.

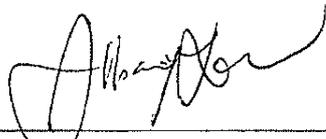
MANAGEMENT CONTRACT

No contract concerning the management and administration of the whole or any substantial part of the operation of the Company was entered into or existed during the reporting period.

AUDITOR

The financial statements have been audited by Messrs. Peter Lam & Co. who will retire and a resolution for their reappointment as auditor of the Company will be proposed at the forthcoming annual general meeting.

FOR AND ON BEHALF OF THE BOARD



CHAIRMAN

Date : - 1 DEC 2021

**INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF
CENTER FOR CROSS CULTURAL SERVICE LIMITED**
(incorporated in Hong Kong and limited by guarantee)

Qualified opinion

We have audited the financial statements of Center for Cross Cultural Service Limited (the "Company") set out on pages 6 to 33, which comprise the Statement of Financial Position as at 31 March 2021, and the Statement of Comprehensive Income, the Statement of Changes in Reserves and the Statement of Cash Flows for the reporting period then ended, and notes to the Financial Statements, including a summary of significant accounting policies.

In our opinion, except for the effects of the matter described in the Basic for Qualified Opinion section of our report, the financial statements give a true and fair view of the Financial Position of the Company as at 31 March 2021, and of its financial performance and its cash flows for the reporting period then ended in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") and have been properly prepared in compliance with the Hong Kong Companies Ordinance.

In respect alone of the inability to obtain sufficient appropriate audit evidence regarding to the fair value of the PRC leasehold land and buildings, we have not obtained all the information that we considered necessary for the purpose of our audit.

Basis for qualified opinion

Evidence available to us in respect of fair value of the PRC leasehold land and buildings and investment properties of the Company is limited. The leasehold land and buildings and investment properties are carried at HK\$92,746 and HK\$2,093,376 in Property, plant and equipment and Investment property respectively (Note 5). There were no other satisfactory audit procedures that we could adopt to assess whether the carrying values have been fairly stated in the financial statements.

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 financial statements section of our report. We are independent of the Company 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 qualified opinion.

Responsibilities of the directors for the financial statements

The directors are responsible for the preparation of the financial statements that give a true and fair view in accordance with HKFRSs 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 financial statements that are free from material misstatement, whether due to fraud or error.



PETER LAM & CO.

CERTIFIED PUBLIC ACCOUNTANTS

**INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF
CENTER FOR CROSS CULTURAL SERVICE LIMITED**
(incorporated in Hong Kong and limited by guarantee)

(Cont'd)

Responsibilities of the directors for the financial statements (Cont'd)

In preparing the financial statements, the directors of the Company are responsible for assessing the Company'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 of the Company either intend to dissolve the Company or to cease operations or have no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the 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. Our 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 financial statements.

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

- Identify and assess the risks of material misstatement of the 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 Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.



PETER LAM & CO.

CERTIFIED PUBLIC ACCOUNTANTS

**INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF
CENTER FOR CROSS CULTURAL SERVICE LIMITED**
(incorporated in Hong Kong and limited by guarantee)

(Cont'd)

Auditor's responsibilities for the audit of the financial statements (Cont'd)

- 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 Company'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 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 Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance 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.

Peter Lam & Co.

Certified Public Accountants
Hong Kong, - 1 DEC 2021

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CENTER FOR CROSS CULTURAL SERVICE LIMITED
STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 MARCH 2021

	2021 HK\$	2020 HK\$
INCOME		
Donation received	3,870,243	3,135,031
Government subsidy under Anti-Epidemic Fund	172,989	0
Other income (Sundry income)	8,585	18,853
Exchange gain	165,257	0
	4,217,074	3,153,884
 EXPENDITURE		
Accountancy fee	96,000	96,000
Advisory	286	0
Audit fee and disbursement	17,300	16,600
Bank charges	2,850	1,943
Book	62	650
Building management	79,872	79,872
CAN production and publication	469,040	511,025
CAN research and training	290,665	362,571
Computer expenses	390	2,113
Depreciation	639,696	637,965
Disable -DF	66,459	83,838
Donation	1,376,500	1,248,115
Education curricular and teacher training	31,893	41,381
Education psychological and counselling	74,448	107,758
Electricity and water	8,933	17,902
Exchange loss	0	185,137
Field office	67,425	103,599
Harmony cultivation and volunteerism development	173,884	168,065
Healthy economy	91,882	80,539
Hospitality	275,115	286,026
House of joy	0	1,540
Insurance	84,669	77,812
Integrated service	53,915	95,390
Legal & Professional	0	11,700
Mandatory provident fund contribution	75,535	85,359
Medical	396	0
Messing	5,093	7,913
Overseas travelling	0	10,177
Postage	3,297	2,076

CENTER FOR CROSS CULTURAL SERVICE LIMITED
STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 MARCH 2021

(Cont'd)

	2021	2020
	HKS	HKS
EXPENDITURE (Cont'd)		
Printing and stationery	13,747	14,732
Rent and rates	19,984	30,484
Repair and maintenance	2,898	3,772
Salaries and bonus	385,513	199,728
School health	34,689	39,900
Staff development expenses	0	200
Student service	74,124	108,262
Sundry	16,209	7,913
Telephone and fax	13,452	14,024
Training on medical and health personnels	0	57
Transportation	1,056	0
Travelling	786	3,655
	<u>(4,548,063)</u>	<u>(4,747,813)</u>
Operating Deficit	<u>(330,989)</u>	<u>(1,593,929)</u>
Finance Income		
Bank interest income	78,184	117,962
Finance Cost		
Bank overdraft interest	(63)	(0)
Net Finance Income	<u>78,121</u>	<u>117,962</u>
DEFICIT FOR THE REPORTING PERIOD	<u>(252,868)</u>	<u>(1,475,967)</u>
OTHER COMPREHENSIVE INCOME		
Item that will not be reclassified subsequently to profit or loss		
Gain on property revaluation	0	3,344,380
	<u>0</u>	<u>3,344,380</u>
Item that may be reclassified to profit or loss	<u>0</u>	<u>0</u>
OTHER COMPREHENSIVE INCOME FOR THE REPORTING PERIOD	<u>0</u>	<u>3,344,380</u>
TOTAL COMPREHENSIVE INCOME (EXPENSES) FOR THE REPORTING PERIOD	<u>(252,868)</u>	<u>1,868,413</u>

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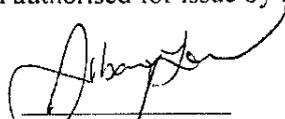
The notes on pages 11 to 33 form part of these financial statements.

CENTER FOR CROSS CULTURAL SERVICE LIMITED
STATEMENT OF FINANCIAL POSITION
AS AT 31 MARCH 2021

	Note	2021 HK\$	2020 HK\$
NON-CURRENT ASSETS			
Fixed assets			
- Investment property	5	2,093,376	2,002,274
- Property, plant and equipment	5	21,159,782	21,881,508
Financial assets at amortised costs			
Other receivables		28,560	33,446
		<u>23,281,718</u>	<u>23,917,228</u>
CURRENT ASSETS			
Financial assets at amortised costs			
Other receivables		28,178	27,554
Deposits		24,668	24,688
Cash and cash equivalents	7	12,481,465	12,169,531
Prepayments		4,129	82,209
		<u>12,538,440</u>	<u>12,303,982</u>
CURRENT LIABILITIES			
Financial liabilities at amortised costs			
Other payables		(108,951)	(133,981)
		<u>12,429,489</u>	<u>12,170,001</u>
NET CURRENT ASSETS			
NON-CURRENT LIABILITIES			
Provision for long service payment	9	(323,212)	(446,366)
		<u>35,387,995</u>	<u>35,640,863</u>
RESERVES			
Accumulated funds	6	14,458,996	14,711,864
Properties revaluation reserves		20,928,999	20,928,999
		<u>35,387,995</u>	<u>35,640,863</u>

The financial statements were approved and authorised for issue by the Board of Directors on - 1 DE

 CHAN KIN SANG
 DIRECTOR


 LAU KAI MING
 DIRECTOR

The notes on pages 11 to 33 form part of these financial statements.

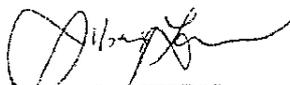
CENTER FOR CROSS CULTURAL SERVICE LIMITED
STATEMENT OF FINANCIAL POSITION
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The financial statements were approved and authorised for issue by the Board of Directors on **- 1 DEC 2021**



CHAN KIN SANG
DIRECTOR



LAU KAI MING
DIRECTOR

The notes on pages 11 to 33 form part of these financial statements.

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CENTER FOR CROSS CULTURAL SERVICE LIMITED
STATEMENT OF CHANGES IN RESERVES
FOR THE YEAR ENDED 31 MARCH 2021

	Balance at 1 April 2019 HK\$	Total comprehensive income (expenses) for the year HK\$	Healthy School Re-allocation HK\$	Blessing Community Re-allocation HK\$	CC-CN Re-allocation HK\$	Appropriation of funds HK\$	Balance at 31 March 2020 HK\$	Total comprehensive income (expenses) for the year HK\$	Re-allocation of funds HK\$	Balance at 31 March 2021 HK\$
Advisor fund	67,084	0	0	0	0	0	67,084	(286)	0	66,798
CAN research & training	0	(510,625)	0	0	0	510,625	0	(469,040)	0	(469,040)
CAN production & publication	0	(362,571)	0	0	0	362,571	0	(290,665)	0	(290,665)
Dr. Gail Law scholarship fund	1,788,119	0	0	0	0	0	1,788,119	0	752,931	2,541,050
Disabled Fund	1,081,396	(83,838)	0	(70,724)	(5,847)	0	920,987	(66,459)	0	854,528
Education	968,723	76,000	0	0	(343,727)	0	700,996	51,935	(752,931)	0
Education curricular & teacher training	727,737	158,619	(51,124)	0	(17,851)	0	817,381	168,107	0	985,488
Education psychology & counselling	1,527,960	192,275	(89,778)	0	(8,560)	0	1,621,897	125,552	0	1,747,449
Emergency M&L										
Subsidies	201,902	2,000	0	0	0	0	203,902	18,200	0	222,102
Field office	597,657	(78,599)	(68,725)	(130,924)	(54,845)	0	264,564	323,081	0	587,645
General	0	(1,805,829)	721,095	605,343	449,231	30,160	0	(1,400,257)	0	(1,400,257)
Harmony cultivation & volunteerism development	0	202,685	0	(87,609)	0	0	115,076	40,666	0	155,742
Healthy economy - cross stitching service	1,907,177	(11,095)	0	0	0	0	1,896,082	75,236	0	1,971,318
Healthy economy - kin chit kui service	1,514,620	3,600	(13,269)	(114,051)	0	0	1,390,900	75,236	0	1,466,136
Healthy economy - factory service	0	(57,744)	0	(35,095)	(7,409)	100,248	0	57,646	0	57,646
Hospitality	0	34,724	(9,953)	0	(10,992)	0	13,779	(56,113)	0	(42,336)
House of joy	272,561	198,460	(54,733)	0	0	0	416,288	200,000	0	616,288
Integrated service	67,915	316,410	(11,640)	(96,358)	0	0	276,327	146,085	0	422,412
Library & reading development	1,451,330	0	(19,967)	0	0	(1,126,317)	305,046	0	0	305,046
School health	0	160,100	(202,739)	0	0	42,639	0	165,311	0	165,311
Staff development fund	0	(200)	0	0	0	200	0	0	0	0
Staff loan	96,098	0	0	0	0	0	96,098	0	0	96,098
Student service	0	91,738	(171,612)	0	0	79,874	0	136,838	0	136,838
Training on medical & health personnels	3,018,921	(57)	(27,555)	(70,582)	0	0	2,920,727	2,500	0	2,923,227
60 poverty alleviation	896,611	0	0	0	0	0	896,611	443,561	0	1,340,172
	16,185,811	(1,473,947)	0	0	0	0	14,711,864	(252,868)	0	14,458,996
Properties revaluation reserves	17,584,619	3,344,380	0	0	0	0	20,928,999	0	0	20,928,999
Total	33,770,430	1,870,433	0	0	0	0	35,640,863	(252,868)	0	35,387,995

CENTER FOR CROSS CULTURAL SERVICE LIMITED
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 MARCH 2021

	2021	2020
	HKS	HKS
Cash flows from (used in) operating activities		
Deficit for the reporting period	(252,868)	(1,473,947)
Adjustments for:-		
Depreciation	639,696	637,965
Decrease in provision for long service payment	(123,154)	0
Interest income	(78,184)	(117,962)
Interest paid	63	0
<i>Surplus (Deficit) before changes in working capital</i>	<u>185,553</u>	<u>(953,944)</u>
Decrease in other receivables	4,262	6,330
(Increase) Decrease in prepayments and deposits	78,100	(81,767)
Increase (Decrease) in other payables	<u>(25,030)</u>	<u>44,586</u>
<i>Cash from (used in) operations</i>	<u>242,885</u>	<u>(984,795)</u>
Interest paid	(63)	0
<i>Net cash from (used in) operating activities</i>	<u>242,822</u>	<u>(984,795)</u>
Cash flows from investing activities		
Purchases of property, plant and equipment	(9,072)	(8,104)
Interest received	<u>78,184</u>	<u>117,962</u>
<i>Net cash from investing activities</i>	<u>69,112</u>	<u>109,858</u>
Net increase (decrease) in cash and cash equivalents	311,934	(874,937)
Opening cash and cash equivalents	<u>12,169,531</u>	<u>13,044,468</u>
Closing cash and cash equivalents [Note 7]	<u>12,481,465</u>	<u>12,169,531</u>

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CENTER FOR CROSS CULTURAL SERVICE LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2021

1 GENERAL INFORMATION

The Company is a limited company incorporated in Hong Kong with limited liability guaranteed by members and has its registered office and principal place of operations at 14/F, Commerce Tower, 263 Reclamation St., Yaumatei, Kowloon, Hong Kong.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(a) Statement of compliance

These financial statements have been prepared in accordance with all applicable Hong Kong Financial Reporting Standards ("HKFRSs"), which collective term includes all applicable individual Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards ("HKASs") and Interpretations issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"), accounting principles generally accepted in Hong Kong and the requirements of the Hong Kong Companies Ordinance.

A summary of the significant accounting policies is set out below.

HKICPA has issued certain new and revised HKFRSs that are first effective or available for early adoption for the current accounting period of the Company. A summary of the changes in accounting policies resulting from the Company's application of these HKFRSs is set out in Note 2(c) below.

(b) Basis of preparation and measurement of the financial statements

The measurement basis used in the preparation of the financial statements is the historical cost basis except for revalued property, plant and equipment.

The preparation of financial statements in conformity with HKFRSs requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

CENTER FOR CROSS CULTURAL SERVICE LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2021

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

(c) Changes in accounting policies and disclosures

(I) New standards, interpretations and amendments effective from 1 January 2020

The Company has adopted the following new and revised HKFRS for the first time for the current year's financial statements.

Amendments to HKFRS 3	Definition of a Business
Amendments to HKFRS 9, HKAS 39 and HKFRS 7	Interest Rate Benchmark Reform
Amendments to HKAS 1 and HKAS 8	Definition of Material
Conceptual Framework for Financial Reporting 2018	Revised Conceptual Framework for Financial Reporting

Other than as explained below regarding the impact of the applicable standards, the adoption of the above new and revised standards has had no significant financial effect on these financial statements.

The Company applied, for the first time, certain amendments to the standards, which are effective for annual periods beginning on or after 1 April 2020. The Company has not early adopted any standards, interpretations or amendments that have been issued but are not yet effective.

Several other amendments apply for the first time in 2020. However, they do not impact the annual financial statements of the Company and, hence, have not been disclosed.

The nature and the effect of these changes are disclosed below. Although these new standards and amendments applied for the first time in 2020, they did not have a material impact on the annual financial statements of the Company. Other than the changes described below, the accounting policies adopted are consistent with those of the previous financial year.

(A) Amendments to HKFRS 9, HKAS 39 and HKFRS 7 – Interest Rate Benchmark Reform

The amendments to HKFRS 9, HKAS 39 and HKFRS 7 provide a number of reliefs, which apply to all hedging relationships that are directly affected by interest rate benchmark reform. A hedging relationship is affected if the reform gives rise to uncertainty about the timing and/or amount of benchmark-based cash flows of the hedged item or the hedging instrument. These amendments have no impact on the financial statements of the Company as it does not have any interest rate hedge relationships.

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CENTER FOR CROSS CULTURAL SERVICE LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2021

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

(c) Changes in accounting policies and disclosures (Cont'd)

(I) New standards, interpretations and amendments effective from 1 January 2020 (Cont'd)

(B) Amendments to HKAS 1 and HKAS 8 – Definition of Material

The amendments provide a new definition of materiality that states, “information is material if omitting, misstating or obscuring it could reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements, which provide financial information about a specific reporting entity.” The amendments clarify that materiality will depend on the nature or magnitude of information, either individually or in combination with other information, in the context of the financial statements. A misstatement of information is material if it could reasonably be expected to influence decisions made by the primary users. These amendments had no impact on the financial statements of, nor is there expected to be any future impact to the Company.

(C) Revised Conceptual Framework for Financial Reporting

The Conceptual Framework is not a standard, and none of the concepts contained therein override the concepts or requirements in any standard. The purpose of the Conceptual Framework is to assist the HKICPA in developing standards, to help preparers develop consistent accounting policies where there is no applicable standard in place and to assist all parties to understand and interpret the standards. This will affect those entities which developed their accounting policies based on the Conceptual Framework. The revised Conceptual Framework includes some new concepts, updated definitions and recognition criteria for assets and liabilities and clarifies some important concepts. These amendments had no impact on the financial statements of the Company.

(II) New Standards, interpretations and amendments issued but not yet effective

The Company has not applied the following new and revised HKFRSs, that have been issued but are not yet effective, in these financial statements.

Amendments to HKAS 39, HKFRS 4, HKFRS 7, HKFRS 9 and HKFRS 16	Interest Rate Benchmark Reform – Phase 2
Annual Improvements Project	Annual Improvements to HKFRSs 2018-2020 (amendments)
Amendments to HKFRS 3, HKAS 16 and HKAS 37	Narrow-scope amendments
Amendments to HKFRS 16	Covid-19-Related Rent Concessions
AG 5 (revised)	Revised Accounting Guideline 5 <i>Merger Accounting for Common Control Combinations</i>

CENTER FOR CROSS CULTURAL SERVICE LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2021

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

(c) Changes in accounting policies and disclosures (Cont'd)

(II) New Standards, interpretations and amendments issued but not yet effective (Cont'd)

Amendments to HKAS 1	Classification of Liabilities as Current or Non-current
HKFRS 17	Insurance Contracts (new standard and amendments)
HK Int 5 (2020)	Hong Kong Interpretation 5 (2020) Presentation of Financial Statements - <i>Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause</i> (HK Int 5 (2020))
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture

Further information about those HKFRS that are expected to be applicable to the Company is described below.

(A) Amendment to HKFRS 16 - Covid-19-Related Rent Concessions

As a result of the COVID-19 pandemic, rent concessions have been granted to lessees. Such concessions might take a variety of forms, including payment holidays and deferral of lease payments. In 2020, the HKICPA made an amendment to HKFRS 16 Leases which provides lessees with an option to treat qualifying rent concessions in the same way as they would if they were not lease modifications. In many cases, this will result in accounting for the concessions as variable lease payments in the period in which they are granted.

(B) Amendments to HKAS 16 - Property, Plant and Equipment: Proceeds before intended use

The amendment to HKAS 16 *Property, Plant and Equipment* (PP&E) prohibits an entity from deducting from the cost of an item of PP&E any proceeds received from selling items produced while the entity is preparing the asset for its intended use. It also clarifies that an entity is 'testing whether the asset is functioning properly' when it assesses the technical and physical performance of the asset. The financial performance of the asset is not relevant to this assessment.

Entities must disclose separately the amounts of proceeds and costs relating to items produced that are not an output of the entity's ordinary activities.

(C) Amendments to HKFRS 3 - Reference to the Conceptual Framework

Minor amendments were made to HKFRS 3 *Business Combinations* to update the references to the *Conceptual Framework for Financial Reporting* and add an exception for the recognition of liabilities and contingent liabilities within the scope of HKAS 37 *Provisions, Contingent Liabilities and Contingent Assets* and Interpretation 21 *Levies*. The amendments also confirm that contingent assets should not be recognised at the acquisition date.

CENTER FOR CROSS CULTURAL SERVICE LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2021

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

(c) Changes in accounting policies and disclosures (Cont'd)

(II) New Standards, interpretations and amendments issued but not yet effective (Cont'd)

(D) Amendments to HKAS 37 - Onerous Contracts - Cost of Fulfilling a Contract

The amendment to HKAS 37 clarifies that the direct costs of fulfilling a contract include both the incremental costs of fulfilling the contract and an allocation of other costs directly related to fulfilling the contract and an allocation of other costs directly related to fulfilling contracts. Before recognising a separate provision for an onerous contract, the entity recognises any impairment loss that has occurred on assets used in fulfilling the contract.

(E) Annual Improvements to HKFRS Standards 2018-2020

The following improvements were finalised in 2020:

- HKFRS 9 *Financial Instruments* - clarifies which fees should be included in the 10% test for derecognition of financial liabilities.
- HKFRS 16 *Leases* - amendment of illustrative example 13 to remove the illustration of payments from the lessor relating to leasehold improvements, to remove any confusion about the treatment of lease incentives.
- HKFRS 1 *First-time Adoption of Hong Kong Financial Reporting Standards* - allows entities that have measured their assets and liabilities at carrying amounts recorded in their parent's books to also measure any cumulative translation differences using the amounts reported by the parent. This amendment will also apply to associates and joint ventures that have taken the same HKFRS 1 exemption.
- HKAS 41 *Agriculture* - removal of the requirement for entities to exclude cash flows for taxation when measuring fair value under HKAS 41. This amendment is intended to align with the requirement in the standard to discount cash flows on a post-tax basis.

(d) Revenue recognition

Revenue and other income

Revenue is measured at the fair value of the consideration received or receivable. Provided it is probable that the future economic benefits will flow to the Company and the revenue and costs, if applicable, can be measured reliably.

Donations are recognised on receipt basis. Interest income is recognised as it accrues using the effective interest method.

Further details of the Company's revenue and other income recognition policies are as follows:

Interest income

Interest income is recognised as it accrues using the effective interest method. For financial assets measured at amortised cost or FVOCI (recycling) that are not credit-impaired, the effective interest rate is applied to the gross carrying amount of the asset. For credit impaired financial assets, the effective interest rate is applied to the amortised cost (i.e. gross carrying amount net of loss allowance) of the asset.

CENTER FOR CROSS CULTURAL SERVICE LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2021

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

(d) Revenue recognition (Cont'd)

Government grants

Government grants are recognised in the statement of financial position initially when there is reasonable assurance that they will be received and that the Company will comply with the conditions attaching to them. Grants that compensate the Company for expenses incurred are recognised as income in profit or loss on a systematic basis in the same periods in which the expenses are incurred. Grants that compensate the Company for the cost of an asset are deducted from the carrying amount of the asset and consequently are effectively recognised in profit or loss over the useful life of the asset by way of reduced depreciation expense.

(e) Property, plant and equipment / Depreciation and amortisation

Property, plant and equipment

Buildings are carried at fair value, based on valuations by management, less subsequent depreciation and amortisation. Any accumulated depreciation at the date of revaluation is eliminated against the gross carrying amount of the buildings and the net amount is restated to the revalued amount. All other property, plant and equipment are stated at historical cost less depreciation, amortisation and impairment losses.

Increase in carrying amount of buildings arising on revaluation shall be recognised in Other Comprehensive Income and accumulated in equity under the heading of revaluation surplus. However, the increase shall be recognised in Other Comprehensive Income and accumulated in the revaluation reserve except to the extent that any decrease in value in excess of the credit balance on the revaluation reserve, or reversal of such a transaction, is recognised in Statement of Comprehensive Income.

The revaluation surplus included in equity in respect of an item of property, plant and equipment may be transferred directly to retained earnings when the asset is derecognised. This may involve transferring the whole of the surplus when the asset is retired or disposed of. However, some of the surplus may be transferred as the asset is used by an entity. In such a case, the amount of the surplus transferred would be the difference between depreciation based on the revalued carrying amount of the asset and depreciation based on the asset's original cost. Transfers from revaluation surplus to retained earnings are not made through Statement of Comprehensive Income.

The gain or loss arising from the derecognition of an item of property, plant and equipment shall be determined as the difference between the net disposal proceeds, if any, and the carrying amount of the item and shall be included in Statement of Comprehensive Income. Gain shall not be classified as revenue.

CENTER FOR CROSS CULTURAL SERVICE LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2021

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

(e) Property, plant and equipment / Depreciation and amortisation (Cont'd)

Depreciation and amortisation

Depreciation and amortisation of property, plant and equipment is calculated using the **straight line method** to allocate cost or revalued amount over their estimated useful lives or lease terms. The depreciation and amortisation method used is reviewed annually to ensure its appropriateness. Principal annual rates or lease years are as follows:-

Leasehold land & buildings	over 30 years
Office equipment	20%
Furniture & fixtures	20%
Leasehold improvement	20%

(f) Investment property

Investment property is property, including property under construction for such purposes, held to earn rental income and / or capital appreciation or both, and is not occupied by the Company. This also includes land held with undetermined future use at the reporting date.

Investment property comprises land held under operating leases and buildings held under finance leases. Land held under operating leases are classified and accounted for as investment property when the rest of the definition of investment property is met. The operating lease is accounted for as if it were a finance lease.

Investment property is measured initially at cost, including related transaction costs. After initial recognition, investment property is carried at fair value. These valuations are performed by management or external valuers with sufficient regularity by reference to open market information. Changes in fair value are recognised in the profit or loss as part of a valuation gain or loss.

If an investment property becomes owner-occupied, it is reclassified as Property, Plant and Equipment, and its fair value at the date of reclassification becomes its cost for accounting purposes.

If an owner-occupied property becomes an investment property that will be carried at fair value because its use has changed, the company shall treat any difference at that date between the carrying amount of the property in accordance with HKAS 16 and its fair value in the same way as a revaluation in accordance with HKAS 16 up to the date of change in use. The decrease in carrying amount as a result of the transfer shall be recognised in profit or loss to the extent that any previous revaluation surplus will first be reduced within equity through recognition in Other Comprehensive Income. Increase in carrying amount as a result of such transfer shall be recognised in profit or loss to reverse any previous impairment loss, any excess amount shall be recognised in Other Comprehensive Income and increases the revaluation surplus within equity.

CENTER FOR CROSS CULTURAL SERVICE LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2021

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

(f) Investment property (Cont'd)

Gains or losses arising from disposal of an investment property, calculated as difference between net disposal proceeds and its carrying amount, is recognised in the profit or loss.

For a transfer from investment properties to owner-occupied properties or inventories, the deemed cost of a property for subsequent accounting is its fair value at the date of change in use. If a property occupied by the Company as an owner-occupied property becomes an investment property, the Company accounts for such property in accordance with the policy stated under "Property, plant and equipment and depreciation" up to the date of change in use, and any difference at that date between the carrying amount and the fair value of the property is accounted for as a revaluation in accordance with the policy stated under "Property, plant and equipment and depreciation" above. For a transfer from inventories to investment properties, any difference between the fair value of the property at that date and its previous carrying amount is recognised in the statement of profit or loss.

(g) Impairment of assets

Assets having an indefinite useful life and not subject to amortisation should be reviewed annually to determine whether there is objective evidence of impairment. Assets that are subject to amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which carrying amount of an asset exceeds its recoverable amount.

(h) Fair Value Measurement Principles

The fair value of financial instruments is based on their quoted market prices at the end of the reporting period without any deduction for estimated future selling cost. Financial assets are priced at current bid prices, while financial liabilities are priced at current asking prices.

A number of assets and liabilities included in the Company's financial statements require measurement at, and / or disclosure of, fair value.

The fair value measurement of the Company's financial and non-financial assets and liabilities utilises market observable inputs and data as far as possible. Inputs used in determining fair value measurements are categorised into different levels based on how observable inputs used in valuation technique utilised are (the 'fair value hierarchy'):

- Level 1: Quoted prices in active market for identical items (unadjusted)
- Level 2: Observable direct or indirect inputs other than Level 1 inputs
- Level 3: Unobservable inputs (i.e. not derived from market data)

The classification of an item into the above levels is based on the lowest level of the inputs used that has a significant effect on the fair value measurement of the item. Transfers of items between levels are recognised in the period they occur.

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The Company measures a number of items at fair value:

- Revalued land and buildings -Property, Plant and Equipment

CENTER FOR CROSS CULTURAL SERVICE LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2021

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

(i) Credit losses and impairment of assets

(i) Credit losses from financial instruments, contract assets and lease receivables

The Company recognises a loss allowance for expected credit losses (ECLs) on the following items:

- financial assets measured at amortised cost (including cash and cash equivalents, trade and other receivables and loans to associates);
- contract assets as defined in HKFRS 15.

Financial assets measured at fair value, including units in bond funds, equity securities measured at FVPL, equity securities designated at FVOCI (non-recycling) and derivative financial assets, are not subject to the ECL assessment.

Measurement of ECLs

ECLs are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all expected cash shortfalls (i.e. the difference between the cash flows due to the Company in accordance with the contract and the cash flows that the Company expects to receive).

For undrawn loan commitments, expected cash shortfalls are measured as the difference between (i) the contractual cash flows that would be due to the Company if the holder of the loan commitment draws down on the loan and (ii) the cash flows that the Company expects to receive if the loan is drawn down.

The expected cash shortfalls are discounted using the following discount rates where the effect of discounting is material:

- fixed-rate financial assets, trade and other receivables and contract assets: effective interest rate determined at initial recognition or an approximation thereof;
- variable-rate financial assets: current effective interest rate;
- lease receivables: discount rate used in the measurement of the lease receivable;
- loan commitments: current risk-free rate adjusted for risks specific to the cash flows.

The maximum period considered when estimating ECLs is the maximum contractual period over which the Company is exposed to credit risk.

In measuring ECLs, the Company takes into account reasonable and supportable information that is available without undue cost or effort. This includes information about past events, current conditions and forecasts of future economic conditions.

ECLs are measured on either of the following bases:

- 12-month ECLs: these are losses that are expected to result from possible default events within the 12 months after the reporting date; and
- lifetime ECLs: these are losses that are expected to result from all possible default events over the expected lives of the items to which the ECL model applies.

CENTER FOR CROSS CULTURAL SERVICE LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2021

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

(i) Credit losses and impairment of assets (Cont'd)

(i) Credit losses from financial instruments, contract assets and lease receivables (Cont'd)
Measurement of ECLs (Cont'd)

Loss allowances for trade receivables, lease receivables and contract assets are always measured at an amount equal to lifetime ECLs. ECLs on these financial assets are estimated using a provision matrix based on the Company's historical credit loss experience, adjusted for factors that are specific to the debtors and an assessment of both the current and forecast general economic conditions at the reporting date.

For all other financial instruments (including loan commitments issued), the Company recognises a loss allowance equal to 12-month ECLs unless there has been a significant increase in credit risk of the financial instrument since initial recognition, in which case the loss allowance is measured at an amount equal to lifetime ECLs.

Significant increases in credit risk

In assessing whether the credit risk of a financial instrument (including a loan commitment) has increased significantly since initial recognition, the Company compares the risk of default occurring on the financial instrument assessed at the reporting date with that assessed at the date of initial recognition. In making this reassessment, the Company considers that a default event occurs when (i) the borrower is unlikely to pay its credit obligations to the Company in full, without recourse by the Company to actions such as realising security (if any is held); or (ii) the financial asset is 90 days past due. The Company considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort.

In particular, the following information is taken into account when assessing whether credit risk has increased significantly since initial recognition:

- failure to make payments of principal or interest on their contractually due dates;
- an actual or expected significant deterioration in a financial instrument's external or internal credit rating (if available);
- an actual or expected significant deterioration in the operating results of the debtor; and
- existing or forecast changes in the technological, market, economic or legal environment that have a significant adverse effect on the debtor's ability to meet its obligation to the Company.

For loan commitments, the date of initial recognition for the purpose of assessing ECLs is considered to be the date that the Company becomes a party to the irrevocable commitment. In assessing whether there has been a significant increase in credit risk since initial recognition of a loan commitment, the Company considers changes in the risk of default occurring on the loan to which the loan commitment relates.

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CENTER FOR CROSS CULTURAL SERVICE LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2021

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

(i) Credit losses and impairment of assets (Cont'd)

(i) Credit losses from financial instruments, contract assets and lease receivables (Cont'd)

Significant increases in credit risk (Cont'd)

Depending on the nature of the financial instruments, the assessment of a significant increase in credit risk is performed on either an individual basis or a collective basis. When the assessment is performed on a collective basis, the financial instruments are grouped based on shared credit risk characteristics, such as past due status and credit risk ratings.

ECLs are remeasured at each reporting date to reflect changes in the financial instrument's credit risk since initial recognition. Any change in the ECL amount is recognised as an impairment gain or loss in profit or loss. The Company recognises an impairment gain or loss for all financial instruments with a corresponding adjustment to their carrying amount through a loss allowance account, except for investments in debt securities that are measured at FVOCI (recycling), for which the loss allowance is recognised in other comprehensive income and accumulated in the fair value reserve (recycling).

Basis of calculation of interest income

Interest income recognised in accordance with note 2(d) is calculated based on the gross carrying amount of the financial asset unless the financial asset is credit-impaired, in which case interest income is calculated based on the amortised cost (i.e. the gross carrying amount less loss allowance) of the financial asset.

At each reporting date, the Company assesses whether a financial asset is credit-impaired. A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

Evidence that a financial asset is credit-impaired includes the following observable events:

- significant financial difficulties of the debtor;
- a breach of contract, such as a default or delinquency in interest or principal payments;
- it becoming probable that the borrower will enter into bankruptcy or other financial reorganisation;
- significant changes in the technological, market, economic or legal environment that have an adverse effect on the debtor; or
- the disappearance of an active market for a security because of financial difficulties of the issuer.

Write-off policy

The gross carrying amount of a financial asset, lease receivable or contract asset is written off (either partially or in full) to the extent that there is no realistic prospect of recovery. This is generally the case when the Company determines that the debtor does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off.

Subsequent recoveries of an asset that was previously written off are recognised as a reversal of impairment in profit or loss in the period in which the recovery occurs.

CENTER FOR CROSS CULTURAL SERVICE LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2021

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

(i) Credit losses and impairment of assets (Cont'd)

(ii) Credit losses from financial guarantees issued

Financial guarantees are contracts that require the issuer (i.e. the guarantor) to make specified payments to reimburse the beneficiary of the guarantee (the "holder") for a loss the holder incurs because a specified debtor fails to make payment when due in accordance with the terms of a debt instrument.

Financial guarantees issued are initially recognised within "trade and other payables" at fair value, which is determined by reference to fees charged in an arm's length transaction for similar services, when such information is obtainable, or to interest rate differentials, by comparing the actual rates charged by lenders when the guarantee is made available with the estimated rates that lenders would have charged, had the guarantees not been available, where reliable estimates of such information can be made. Where consideration is received or receivable for the issuance of the guarantee, the consideration is recognised in accordance with the group's policies applicable to that category of asset. Where no such consideration is received or receivable, an immediate expense is recognised in profit or loss.

Subsequent to initial recognition, the amount initially recognised as deferred income is amortised in profit or loss over the term of the guarantee as income from financial guarantees issued.

The Company monitors the risk that the specified debtor will default on the contract and recognises a provision when ECLs on the financial guarantees are determined to be higher than the amount carried in "trade and other payables" in respect of the guarantees (i.e. the amount initially recognised, less accumulated amortisation).

To determine ECLs, the Company considers changes in the risk of default of the specified debtor since the issuance of the guarantee. A 12-month ECL is measured unless the risk that the specified debtor will default has increased significantly since the guarantee is issued, in which case a lifetime ECL is measured. The same definition of default and the same assessment of significant increase in credit risk.

As the Company is required to make payments only in the event of a default by the specified debtor in accordance with the terms of the instrument that is guaranteed, an ECL is estimated based on the expected payments to reimburse the holder for a credit loss that it incurs less any amount that the Company expects to receive from the holder of the guarantee, the specified debtor or any other party. The amount is then discounted using the current risk-free rate adjusted for risks specific to the cash flows.

CENTER FOR CROSS CULTURAL SERVICE LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2021

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

(i) Credit losses and impairment of assets (Cont'd)

(iii) Impairment of other non-current assets

Internal and external sources of information are reviewed at the end of each reporting period to identify indications that the following assets may be impaired or, except in the case of goodwill, an impairment loss previously recognised no longer exists or may have decreased:

- property, plant and equipment (other than properties carried at revalued amounts);
- pre-paid interests in leasehold land classified as being held under an operating lease;
- intangible assets;
- goodwill; and
- investments in subsidiaries, associates and joint ventures in the company's statement of financial position.

If any such indication exists, the asset's recoverable amount is estimated. In addition, for goodwill, intangible assets that are not yet available for use and intangible assets that have indefinite useful lives, the recoverable amount is estimated annually whether or not there is any indication of impairment.

- Calculation of recoverable amount

The recoverable amount of an asset is the greater of its fair value less costs of disposal and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. Where an asset does not generate cash inflows largely independent of those from other assets, the recoverable amount is determined for the smallest Company of assets that generates cash inflows independently (i.e. a cash-generating unit).

- Recognition of impairment losses

An impairment loss is recognised in profit or loss if the carrying amount of an asset, or the cash-generating unit to which it belongs, exceeds its recoverable amount. Impairment losses recognised in respect of cash-generating units are allocated first to reduce the carrying amount of any goodwill allocated to the cash-generating unit (or group of units) and then, to reduce the carrying amount of the other assets in the unit (or group of units) on a pro rata basis, except that the carrying value of an asset will not be reduced below its individual fair value less costs of disposal (if measurable) or value in use (if determinable).

- Reversals of impairment losses

In respect of assets other than goodwill, an impairment loss is reversed if there has been a favourable change in the estimates used to determine the recoverable amount. An impairment loss in respect of goodwill is not reversed.

A reversal of an impairment loss is limited to the asset's carrying amount that would have been determined had no impairment loss been recognised in prior years. Reversals of impairment losses are credited to profit or loss in the year in which the reversals are recognised.

CENTER FOR CROSS CULTURAL SERVICE LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2021

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

(j) Provisions

Provisions are recognised when the Company has a present legal or constructive obligation as a result of past events, and it is probable that the Company will be required to settle that obligation. Provisions are measured at the management's best estimate of the expenditure required to settle the obligation at the reporting period end date, and are discounted to present value where the effect is material.

(k) Related parties

(I) A party or close member of that person's family is related to the Company if that person:

- (i) has control or joint control over the Company;
- (ii) has significant influence over the Company; or
- (iii) is a member of the key management personnel of the Company or of a parent of the Company.

(II) An entity is related to the Company if any of the following conditions apply:

- (i) The entity and the Company are members of the same group (which means that each parents, 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 or 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 employees of either the Company or an entity related to the Company;
- (vi) The entity is controlled or jointly controlled by a person identified in Note 2 (k)(I);
- (vii) A person identified in Note 2(k)(I)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).

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

(l) Employee benefits

(I) Long service payments

A provision is made for long service payments resulting from services rendered by employees in the current and prior periods if financial effect is considered material.

CENTER FOR CROSS CULTURAL SERVICE LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2021

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

(l) Employee benefits (Cont'd)

(II) Defined contribution plans

The Company participates in the Mandatory Provident Fund Scheme (the "MPF Scheme") in Hong Kong, the assets of which are generally held in separate trustee-administered funds. The MPF Scheme is generally funded by payments from employees and the Company. The Company pays contributions to the pension plans on a mandatory, contractual or voluntary basis which are calculated as a percentage of the employees' salaries.

The Company has no legal or constructive obligations to pay further contributions if the funds do not hold sufficient assets to pay all employees the benefits relating to employee services in the current and prior years.

The contributions are recognised as employee benefit expenses when they are due and prepaid contributions are recognised as an asset to the extent that cash refund or a reduction in the future payments is available.

(m) Cash and cash equivalents

Cash comprises cash on hand and at bank, demand deposits with banks and other financial institutions. Cash equivalents are short-term, highly liquid investments with original maturities of three months or less and can be converted to known amounts of cash which are subject to an insignificant risk of changes in value, and bank overdrafts. Bank overdrafts that are repayable on demand and form an integral part of the Company's cash management are also included as a component of cash and cash equivalents for the purpose of the Statement of Cash Flows. Bank overdrafts are shown as current liabilities on the Statement of Financial Position. Cash and cash equivalents are assessed for expected credit losses (ECL) in accordance with the policy set out in note 2(i).

(n) Foreign currency translation

(I) Functional and presentation currency

Items included in the financial statements are measured using the currency of the primary economic environment in which the entity operates ("the functional currency").

(II) Translations and balances

Foreign currency transactions are translated into the functional currency using exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at reporting period-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the Statement of Comprehensive Income, except when deferred in equity as qualifying cash flow hedges or qualifying net investment hedges.

Translation differences on non-monetary items, such as equity instruments held at fair value through Statement of Comprehensive Income, are reported as part of the fair value gain or loss. Translation difference on non-monetary items, such as equities classified as financial assets at fair value through other comprehensive income, are included in the fair value reserve in equity.

CENTER FOR CROSS CULTURAL SERVICE LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2021

3 TAXATION AND DEFERRED TAXATION

The Company has been exempt from any tax in Hong Kong pursuant to Section 88 of the Inland Revenue Ordinance by reason of being a charitable institution or trust of a public character with effective from 21 October 1995.

4 DIRECTORS' REMUNERATION

Pursuant to Section 383(1)(a), (b), (c) and (f) of the Companies Ordinance and Part 2 of the Companies (Disclosure of Information about Benefits of Directors) Regulation, none of the directors received or will receive any fees or emoluments in respect of their services to the Company during the reporting period (2020:Nil).

5 FIXED ASSETS

	Leasehold land & buildings		Office equipment HK\$	Furniture & fixtures HK\$	Leasehold improvement HK\$	Sub-total HK\$	Investment property HK\$	Total HK\$
	Hong Kong HK\$	The PRC HK\$						
Balance at 1 April 2019	20,974,000	261,393	906,102	353,102	398,293	22,892,890	2,002,274	24,895,164
Additions	0	0	8,104	0	0	8,104	0	8,104
Write back on revaluation	(2,640,880)	0	0	0	0	(2,640,880)	0	(2,640,880)
Revaluation gains	3,344,380	0	0	0	0	3,344,380	0	3,344,380
Balance at 31 March 2020	21,677,500	261,393	914,206	353,102	398,293	23,604,494	2,002,274	25,606,768
Additions	0	0	9,072	0	0	9,072	0	9,072
Re-classification - cost	0	(132,011)	0	0	0	(132,011)	132,011	0
Re-classification - accumulated depreciation	0	0	0	0	0	0	(40,909)	(40,909)
Balance at 31 March 2021	21,677,500	129,382	923,278	353,102	398,293	23,481,555	2,093,376	25,574,931
Aggregate depreciation and amortisation:								
Balance at 1 April 2019	2,028,550	69,730	885,125	351,482	391,014	3,725,901	0	3,725,901
Depreciation	612,330	5,227	12,188	941	7,279	637,965	0	637,965
Write back on disposals	(2,640,880)	0	0	0	0	(2,640,880)	0	(2,640,880)
Balance at 31 March 2020	0	74,957	897,313	352,423	398,293	1,722,986	0	1,722,986
Depreciation	626,400	2,588	10,029	679	0	639,696	0	639,696
Elimination on reclassification	0	(40,909)	0	0	0	(40,909)	0	(40,909)
Balance at 31 March 2021	626,400	36,636	907,342	353,102	398,293	2,321,773	0	2,321,773
Net book value:								
Balance at 31 March 2021	21,051,100	92,746	15,936	0	0	21,159,782	2,093,376	23,253,158
Balance at 31 March 2020	21,677,500	186,436	16,893	679	0	21,881,508	2,002,274	23,883,782
Balance at 1 April 2019	18,945,450	191,663	20,977	1,620	7,279	19,166,989	2,002,274	21,169,263

CENTER FOR CROSS CULTURAL SERVICE LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2021

5 FIXED ASSETS (Cont'd)

- (a) The leasehold land and buildings situated in the People's Republic of China are under:-

	Carrying value HK\$
Long term leases	<u>92,746</u>

- (b) The leasehold land and buildings situated in Hong Kong are under:-

	Carrying value HK\$
Long term leases	7,033,950
Medium term leases	<u>14,017,150</u>
	<u>21,051,100</u>

The directors estimated that total fair value of the leasehold land and building situated in Hong Kong as at the reporting period end date would be close to the carrying value, which is measured under Level 2 of Fair Value Measurement Principle [Note 2(h)].

- (c) The above investment properties situated in the People's Republic of China are under medium term leases. During the reporting period, the properties are usually used by non-profit making entities set up in PRC and a nominal amount is charged.

6 ADJUSTMENTS ON "EDUCATION" AND "DR. GAIL LAW SCHOLARSHIP FUND" FUND RESERVES

During the reporting period, net amount of HK\$752,931 in the "Education" fund reserve was transferred to "Dr. Gail Law scholarship fund" fund reserve.

of the
public

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to the

Total HK\$
24,895,164
8,104
(2,640,880)
3,344,380
25,606,768
9,072
0
(40,909)
25,574,931
3,725,901
637,965
(2,640,880)
1,722,986
639,696
(40,909)
2,321,773
23,253,158
23,883,782
21,169,263

CENTER FOR CROSS CULTURAL SERVICE LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2021

7 CASH AND CASH EQUIVALENTS

This section set out an analysis of net debt and the movement in net debt for each of the periods presented.

	2021	2020
	HKS	HKS
Cash and cash equivalents / Net debts	12,481,465	12,169,531
		Cash
		HKS
Net debts as at 1 April 2019		13,044,468
Cash flows		(874,937)
Net debts as at 31 March 2020		12,169,531
Cash flows		311,934
Net debts as at 31 March 2021		12,481,465

8 AMOUNTS DUE FROM OFFICERS

At no time during the reporting period was there amount due from directors or other officers of the Company.

9 PROVISION FOR LONG SERVICE PAYMENT

Provision for long service payment has been made in accordance with obligations under Employment Ordinance of Hong Kong.

10 RELATED PARTY TRANSACTIONS

Material transactions with related parties during the reporting period:

	2021	2020
	HKS	HKS
Donation paid to 清远市清新区教育交流服务中心 (Connected with senior officers Mr. Chung Po Kin)	0	420,265
Donation paid to 文化交流服务中心有限公司(中国香港) 清远办事处 (branch office in PRC)	1,276,500	827,850

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CENTER FOR CROSS CULTURAL SERVICE LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2021

11 FINANCIAL INSTRUMENTS

(I) Financial instruments by category

The Company has classified its financial assets in the following categories:

<p>of the</p> <p>2020 HK\$ <u>2,531</u></p> <p>Cash HK\$ 1,468 1,937) <u>2,531</u> 1,934 <u>1,465</u></p>	<p>Financial assets</p> <p>Financial assets at amortised costs</p>	<table border="0"> <thead> <tr> <th></th> <th style="text-align: center;">2021</th> <th style="text-align: center;">2020</th> </tr> <tr> <th></th> <th style="text-align: center;">HK\$</th> <th style="text-align: center;">HK\$</th> </tr> </thead> <tbody> <tr> <td>Other current financial assets</td> <td style="text-align: right;">24,668</td> <td style="text-align: right;">24,688</td> </tr> <tr> <td>Other receivables</td> <td style="text-align: right;">56,738</td> <td style="text-align: right;">61,000</td> </tr> <tr> <td>Cash and cash equivalents</td> <td style="text-align: right;">12,481,465</td> <td style="text-align: right;">12,169,531</td> </tr> <tr> <td></td> <td style="text-align: right;"><u>12,562,871</u></td> <td style="text-align: right;"><u>12,255,219</u></td> </tr> </tbody> </table>		2021	2020		HK\$	HK\$	Other current financial assets	24,668	24,688	Other receivables	56,738	61,000	Cash and cash equivalents	12,481,465	12,169,531		<u>12,562,871</u>	<u>12,255,219</u>
	2021	2020																		
	HK\$	HK\$																		
Other current financial assets	24,668	24,688																		
Other receivables	56,738	61,000																		
Cash and cash equivalents	12,481,465	12,169,531																		
	<u>12,562,871</u>	<u>12,255,219</u>																		

The Company has classified its financial liabilities in the following categories:

<p>other</p>	<p>Financial liabilities</p> <p>Financial liabilities at amortised cost</p>	<table border="0"> <thead> <tr> <th></th> <th style="text-align: center;">2021</th> <th style="text-align: center;">2020</th> </tr> <tr> <th></th> <th style="text-align: center;">HK\$</th> <th style="text-align: center;">HK\$</th> </tr> </thead> <tbody> <tr> <td>Other payables</td> <td style="text-align: right;"><u>108,951</u></td> <td style="text-align: right;"><u>133,981</u></td> </tr> </tbody> </table>		2021	2020		HK\$	HK\$	Other payables	<u>108,951</u>	<u>133,981</u>
	2021	2020									
	HK\$	HK\$									
Other payables	<u>108,951</u>	<u>133,981</u>									

The financial instruments stated above are carried at amounts not materially different from their fair values at the reporting period end date.

The Company is exposed to credit risk, liquidity risk and market risk arising in the normal course of its operation and through financial instruments. The Company's risk management objectives, policies and processes mainly focus on minimising the potential adverse effects of these risks on its financial performance and position by closely monitoring the individual exposure.

(II) Financial instruments not measured at fair value

Financial instruments not measured at fair value includes cash and cash equivalents, deposits, other receivables and other payables.

Due to their short-term nature, the carrying value of cash and cash equivalents, deposits, other receivables and other payables approximates their fair value.

(III) Financial instruments measured at fair value

There is no financial instruments measured at fair value.

CENTER FOR CROSS CULTURAL SERVICE LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2021

11 FINANCIAL INSTRUMENTS (Cont'd)

(a) Credit risk

Credit risk of the Company is primarily attributable to other receivables. Exposures to the credit risk are monitored by management on an ongoing basis.

Summary of quantitative data

	2021 HK\$	2020 HK\$
Other current financial assets	24,688	24,688
Other receivables	56,738	61,000
Cash at bank and deposit with banks	12,334,766	12,055,792
	<u>12,416,192</u>	<u>12,141,480</u>

At the reporting period end, the Company has no concentration of risk and the maximum exposure to credit risk is represented by the carrying amount of each financial assets.

(b) Liquidity risk

The Company is exposed to liquidity risks on financial liabilities. It manages its funds conservatively by maintaining a comfortable level of cash and cash equivalents in order to meet continuous operational need.

Summary of quantitative data

	Not later than 1 year <u>HK\$</u>	Carrying amount <u>HK\$</u>
2021		
Other payables	<u>108,951</u>	<u>108,951</u>
2020		
Other payables	<u>133,981</u>	<u>133,981</u>

Management of the Company monitors current and expected liquidity requirements of the Company regularly to ensure that the Company maintains sufficient reserves of cash to meet its liquidity requirements.

CENTER FOR CROSS CULTURAL SERVICE LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2021

11 FINANCIAL INSTRUMENTS (Cont'd)

(c) Market risk

(i) Interest rate risk

The Company's exposure on fair value interest rate risk mainly arises from its fixed deposits with banks. It is a common practice in Hong Kong to have floating rate borrowings with the banks.

Summary of quantitative data

	2021 HK\$	2020 HK\$
Cash at bank	6,071,132	4,145,954
Deposit with banks	6,047,000	7,553,000
	<u>12,118,132</u>	<u>11,698,954</u>

(ii) Currency risk

The Company is exposed to foreign currency risk primarily through cash at bank, deposit with bank and other receivables.

Summary of quantitative data

	US\$ (HK\$)	RMB (HK\$)	Total (HK\$)
2021			
Cash in hand	0	142,306	142,306
Cash at bank	1,067,109	785,101	1,852,210
Deposit with bank	0	1,547,000	1,547,000
Other receivables	0	34,510	34,510
	<u>1,067,109</u>	<u>2,508,917</u>	<u>3,576,026</u>
2020			
Cash in hand	0	112,177	112,177
Cash at bank	1,066,705	467,503	1,534,208
Deposit with bank	0	2,553,000	2,553,000
Other receivables	0	39,900	39,900
	<u>1,066,705</u>	<u>3,172,580</u>	<u>4,239,285</u>

CENTER FOR CROSS CULTURAL SERVICE LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2021

12 USE OF FUND BY 文化交流服务中心有限公司(中国香港) 清远办事处 (branch office in PRC) FOR THE YEAR ENDED 31 DECEMBER 2020

According to the 2020 audited financial statements of "文化交流服务中心有限公司(中国香港)清远办事处", its operational income and expenses are:-

	RMB
Balance of donation fund brought forward	10,287
Donation income from Hong Kong Head office (equivalents to HK\$1,198,800)	1,089,800
Project costs:	
Activities running costs	605,000
Education fund	275,700
Gifts	70
Medical subsidy	37,700
Messing	732
Other miscellaneous expenses	1,949
Salaries and allowances	16,890
Transportation	2,579
	(940,620)
Administrative expenses:	
Bank charge	860
Bank interest expenses (income)	(577)
Building management	2,919
Courier and postage	112
Housing provident fund	6,039
Insurance	543
Office supplies	2,950
Other miscellaneous expenses	1,626
Repair and maintenance	124
Salaries, bonus and subsidies	131,395
Social security expense	6,016
Staff benefit	292
Telephone communication	460
Utilities	498
	(153,257)
Net Increase (Decrease) in donation fund for the period	(4,077)
Remaining balance of donation fund carried forward to 1 January 2021	8067 6,210

CENTER FOR CROSS CULTURAL SERVICE LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2021

13 LIABILITIES TO GENERAL PUBLIC

Liabilities of members of the Company are limited. In case of winding up each member of the Company is liable to contribute HK\$100 to the assets of the Company. As at the reporting period ended date, there were eight (8) members in the Register of Members.

branch

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RMB

10,287

39,800

05,000

75,700

70

37,700

732

1,949

16,890

2,579

(10,620)

860

(577)

2,919

112

6,039

543

2,950

1,626

124

11,395

6,016

292

460

498

(3,257)

(4,077)

6,210