

SPLASH FOUNDATION LIMITED

(Limited by guarantee and not having a share capital)

**REPORTS AND FINANCIAL STATEMENTS
FOR THE PERIOD FROM 22ND SEPTEMBER 2016
(DATE OF INCORPORATION) TO
31ST DECEMBER 2017**

SPLASH FOUNDATION LIMITED

(Limited by guarantee and not having a share capital)

REPORT OF THE DIRECTORS

The Directors are pleased to present their report together with the audited financial statements of SPLASH FOUNDATION LIMITED for the period from 22nd September 2016 (date of incorporation) to 31st December 2017.

Incorporation

The Company was incorporated under the name of SPLASH FOUNDATION LIMITED on 22nd September 2016.

Principal activities

SPLASH FOUNDATION LIMITED (the "Company" or "SPLASH") is a company incorporated in Hong Kong with limited liability and the Company's registered office and principal place of business is Flat 4, 1/F, 6 Stanley village Road, Stanley, Hong Kong.

The Company is Hong Kong's only charitable organisation that uses swimming to empower and connect under-resourced communities. Bringing together professional and volunteer coaches, SPLASH provide an opportunity to learn an important life skill which develops confidence, improves well-being and allows people to flourish both in and out of the water. SPLASH runs swim and water safety programmes for Migrant Domestic Workers and local Hong Kong youth from low income communities.

Business review

The Company falls within the reporting exemption and is exempted from the preparation of a business review in this report in accordance with section 388(3) and Schedule 5 of the Hong Kong Companies Ordinance.

Results

The surplus for the period and the state of affairs of the Company as at 31st December 2017 are set out on pages 7 to 13.

In accordance with the Articles of Association of the Company, the income and property of the Company shall be applied solely towards the promotion of the objects of the Company as set forth therein; and no portion of the surplus, reserves or property of the Company shall be paid or transferred to its members by way of dividend, bonus or otherwise.

Reserves

Movements in the members' funds of the Company during the period are set out on note 4 to the financial statements.

Members' guarantee

The Company is a company limited by guarantee and does not have any share capital. In the event of, and for the purpose of winding up the company, the amount capable of being called from each member and any person or association who ceased to be a member in a year prior to the winding up, is limited to HK\$100. At 31st December 2017 the collective liability of members was HK\$300.

Directors

The directors during the period and up to the date of this report were:

Simon Gareth HOLLIDAY	(appointed on 22nd September 2016)
Anne Marie MUNK HARVEY	(appointed on 1st August 2017)
Libby Jean ALEXANDER	(appointed on 22nd September 2016; resigned on 1st August 2017)

There being no provision in the Company's Articles of Association in connection with the retirement of directors by rotation, all directors continue in office.

Directors' material interests in transactions, arrangements and contracts that are significant in relation to the Company's business

No transactions, arrangements and contracts of significance in relation to the Company's business in which a Director of the Company had a material interest, whether directly or indirectly, subsisted at the end of the year or at any time during the financial reporting period.

According to Section 10(5) of the Companies (Directors' Report) Regulation (Cap. 622D), a transaction, arrangement or contract is not significant in relation to the Company's business if, after consideration, the directors of the Company are of the opinion that it is not significant in relation to the Company's business.

At no time during the period was the Company a party to any arrangements to enable the Directors of the Company to hold any interests in the shares in, or debentures of, the Company or its specified undertakings.

Management contracts

No contracts concerning the management and administration of the whole or any substantial part of the business of the Company were entered into or existed during the financial reporting period.

Permitted indemnity provision

At no time during the financial reporting period and up to the date of this directors' report there was or is, any permitted indemnity provision being in force for the benefit of any of the directors of the Company.

Auditor

These financial statements have been audited Karen YL Lam, Certified Public Accountant, who retires and, being eligible, offers herself for re-appointment.

On behalf of the Board

Simon Holliday

Simon Gareth HOLLIDAY
Director

HONG KONG, 31st July 2018

**INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF SPLASH FOUNDATION LIMITED**
(Incorporated in Hong Kong and limited by guarantee)

Opinion

I have audited the financial statements of SPLASH FOUNDATION LIMITED (the "Company") set out on pages 7 to 13, which comprise the statement of financial position as at 31st December 2017 and the income statement for the period from 22nd September 2016 (date of incorporation) to 31st December 2017, and notes to the financial statements, including a summary of significant accounting policies.

In my opinion, the financial statements of the Company are prepared, in all material respects, in accordance with the Hong Kong Small and Medium-Sized Entity Financial Reporting Standard ("SME-FRS") 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

I conducted my audit in accordance with Hong Kong Standards on Auditing ("HKSA") and with reference to PN 900 (Revised) *Audit of Financial Statements Prepared in Accordance with the Small and Medium-Sized Entity Financial Reporting Standard* issued by the HKICPA. My responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of my report. I am independent of the Company in accordance with the HKICPA's *Code of Ethics for Professional Accountants* ("the Code"), and I have fulfilled my other responsibilities in accordance with the Code. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Responsibilities of Directors and Those Charged with Governance for the Financial Statements

The directors are responsible for the preparation of the financial statements in accordance with SME-FRS 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.

In preparing the financial statements, the directors 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 either intend to liquidate 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

My 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 my opinion. I report my opinion solely to you, as a body, in accordance with Section 405 of the Hong Kong Companies Ordinance and for no other purpose. I do not assume responsibility towards or accept liability to any other person for the content of this report. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with HKSAs 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 HKSAs, I exercise professional judgment and maintain professional skepticism throughout the audit. I 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.
- 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 I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

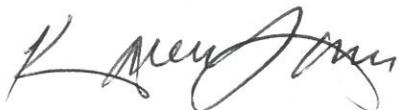
Lam Yuet Ling, Karen

Certified Public Accountant, Hong Kong

林月玲執業會計師

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I 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 I identify during my audit.



KAREN YL LAM
Certified Public Accountant
Practising Certificate No.: 03875

HONG KONG, 31st July 2018

SPLASH FOUNDATION LIMITED
(Limited by guarantee and not having a share capital)

INCOME STATEMENT
FOR THE PERIOD FROM 22ND SEPTEMBER 2016
(DATE OF INCORPORATION) TO 31ST DECEMBER 2017

	Note	HK\$
REVENUE		
Donations		317,538
Grants		340,813
Fundraisers and events		1,676,390
Programs fees		125,590
Other income		<u>8,554</u>
	2	<u>2,468,885</u>
EXPENSES		
Accounting		9,000
Auditor's remuneration		12,000
Bank charges		716
Coach training and development		37,505
Donation processing fees		51,238
Event costs		161,771
Insurance		27,680
IT and Apps		8,135
Lesson equipment and supplies		100,150
Local transportation		11,864
Marketing and promotion		133,233
Meals and entertainment		16,693
Meeting and conference		3,305
Miscellaneous		3,042
Pool rental and lifeguards		142,254
Professional fee		1,600
Salaries and consultants		<u>364,000</u>
		<u>1,084,186</u>
Surplus for the period	5	<u>1,384,699</u>

The notes on pages 9 to 13 form part of these financial statements.

SPLASH FOUNDATION LIMITED
(Limited by guarantee and not having a share capital)

STATEMENT OF FINANCIAL POSITION
AS AT 31ST DECEMBER 2017

	Note	HK\$
ASSETS		
Current assets		
Other receivable and prepayments		32,970
Bank balances		<u>1,204,010</u>
Total assets		<u>1,236,981</u>
LIABILITIES AND EQUITY		
Current liabilities		
Accounts payable and accruals		<u>128,668</u>
Total liabilities		128,668
Equity		
Members' funds	5	<u>1,108,313</u>
Total liabilities and equity		<u>1,236,981</u>

The financial statements on pages 7 to 13 were approved and authorised for issue by the Board of Directors on 31st July 2018



Simon Gareth HOLLIDAY
Director



Anne Marie MUNK HARVEY
Director

The notes on pages 9 to 13 form part of these financial statements.

SPLASH FOUNDATION LIMITED

(Limited by guarantee and not having a share capital)

NOTES TO THE FINANCIAL STATEMENTS

**FOR THE PERIOD FROM 22ND SEPTEMBER 2016 (DATE OF INCORPORATION)
TO 31ST DECEMBER 2017**

Reporting entity

SPLASH FOUNDATION LIMITED (the “Company”) is a company limited by guarantee incorporated in Hong Kong and not authorised to issue share capital. Its registered office is Flat 4, 1/F, Stanley Village Road, Stanley, Hong Kong.

The Company is Hong Kong’s only charitable organisation that uses swimming to empower and connect under-resourced communities. Bringing together professional and volunteer coaches, SPLASH provide an opportunity to learn an important life skill which develops confidence, improves well-being and allows people to flourish both in and out of the water. SPLASH runs swim and water safety programmes for Migrant Domestic Workers and local Hong Kong youth from low income communities.

According to provisions of the Company’s Articles of Association, the liability of the members is limited. in the event of, and for the purpose of winding up the company, the amount capable of being called from each member and any person or association who ceased to be a member in a year prior to the winding up, is limited to HK\$100. At 31st December 2017 the collective liability of members was HK\$300.

1. Basis of preparation and accounting policies

The Company qualifies for the reporting exemption as a small private company under section 359(1)(a) of the Hong Kong Companies Ordinance (Cap. 622) and is therefore entitled to prepare and present its financial statements in accordance with the Small and Medium-sized Entity Financial Reporting Standard (SME-FRS) issued by the Hong Kong Institute of Certified Public Accountants.

These financial statements comply with the SME-FRS and have been prepared under the accrual basis of accounting and on the basis that the Company is a going concern.

The measurement base adopted is the historical cost convention.

The following are the specific accounting policies that are necessary for a proper understanding of the financial statements:

(a) Foreign exchange

The financial statements are presented in Hong Kong dollars (HK\$), which is the Company’s functional currency. The financial information presented in Hong Kong dollars has been rounded to the nearest dollars.

(b) Revenue

Revenue is recognised at the point that it is probable that the future economic benefits will flow to the entity. This is normally when a cash donation is received or when the entity takes control of the asset. Revenue is measured at the fair value of the consideration received. The following specific recognition criteria must be met before revenue is recognised.

- (i) Donations are recognised as revenue upon receipt. Donation of cash and other assets are reported as restricted support if they are received with donor stipulations that limit the use of donated assets. When a restriction expires, that is, when a stipulated time restriction ends, or a purpose restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as satisfied program restrictions. Temporarily restricted contributions and grants are reported as unrestricted support and revenues if the restriction is met in the same year that the gift is received.
- (ii) Grant revenue includes grants given by other charitable organisation, philanthropic organisations and businesses. Grant revenue is recognised when the conditions attached to the grant has been complied with. Where there are unfulfilled conditions attaching to the grant, the amount relating to the unfulfilled condition is recognised as a liability and released to revenue as the conditions are fulfilled.
- (iii) Fund-raising and donations are recognised as received except donations from events that are recognised when the event takes place. Donations in kind are recognised at their value to the Company when received and an equivalent amount is included in the appropriate cost line.
- (iv) Programme fees are recognized over the course of the term for which it is earned, regardless of when it is received. Fee revenue related to the Spring term is recognized during January through March, fee revenue Summer term is recognized during May through July, and Fall term is recognized during September through November.
- (v) Interest income is recognized as it accrues, using the effective interest method.
- (vi) Other income is recognised when the right to receive the revenue occurs.

(c) Contributed services

The Company receives a substantial amount of donated services in carrying out their programs. No amounts have been reflected in the financial statements for those services since they do not meet the criteria for recognition under HKFRS 15.

(d) Use of estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent liabilities, and the reported amounts of revenues and expenses. Actual results could differ from those estimates.

(e) Account receivables

Account receivables are stated at estimated realisable value after each debt has been considered individually. Where the payment of a debt becomes doubtful a provision is made and charged to the income statement.

2. Revenue

	Unrestricted HK\$	Migrant domestic workers programme HK\$	Local Hong Kong youth programme HK\$	General & admin HK\$	Total HK\$
Donations	317,538	-	-	-	317,538
Grants	-	300,813	-	40,000	340,813
Fundraising and events	1,472,390	-	204,000	-	1,676,390
Programs fees	125,590	-	-	-	125,590
Other income	8,554	-	-	-	8,554
	<u>1,924,072</u>	<u>300,813</u>	<u>204,000</u>	<u>40,000</u>	<u>2,468,885</u>

3. Taxation

The Company is exempt from tax under Section 88 of the Inland Revenue Ordinance with effect from 22nd September 2016.

4. Directors' remuneration

The following disclosures are made pursuant to section 383(1)(a) to (f) of the Hong Kong Companies Ordinance Cap. 622 and Parts 2 to 4 of the Companies (Disclosure of Information about Benefits of Directors) Regulation Cap. 622G:

During the period, no emoluments, retirement benefits, payments or benefits in respect of termination of directors' services were paid or made, directly or indirectly, to the directors; nor are any payable. No consideration was provided to or receivable by third parties for making available directors' services.

There are no loans, quasi-loans or other dealings in favour of directors of the Company, their controlled bodies corporate and connected entities.

During the year and at the year end, no director of the Company had or has a material interest, directly or indirectly, in any significant transactions, arrangements and contracts in relation to the Company's business to which the Company was or is a party.

5. Members' funds

	HK\$
Deficit transferred from SPLASH upon incorporation (note 6)	(276,386)
Surplus for the period	<u>1,384,699</u>
Balance at 31st December 2017	<u><u>1,108,313</u></u>

The Company does not have a share capital and is a company limited by guarantee.

At 31st December 2017 there are 3 founder 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 HK\$100.

6. Pre-incorporation activities

Prior to the incorporation of the SPLASH FOUNDATION LIMITED, the activities were operated under SPLASH, an entity registered under the Societies Ordinance. SPLASH becomes dormant after transferring the entire operation to the Company.

Statement of Activities

For the period from 1st January 2015 to 31st October 2016

	HK\$
<u>Revenue</u>	
Donations	9,830
Fundraisers and events	<u>35,706</u>
	<u>45,536</u>
<u>Expenses</u>	
Programme services	
– Local Hong Kong youth	7,814
– Migrant domestic workers	216,060
Support services	
– General and administrative	<u>98,048</u>
	<u>321,922</u>
Deficit for the pre-incorporation period	<u>(276,386)</u>

7. Transactions with related parties

The Company had the following related party transactions during the period:

	HK\$
<u>A related company (note a)</u>	
Purchase of lesson supplies	53,640
Event subcontracting services	84,647
Coach salary	3,500
Consultancy fee (pre-incorporation period)	<u>93,375</u>
<u>A related party (note b)</u>	
Consultancy fees	147,000
Coach salary	<u>6,900</u>

Note:

- (a) The related company is an entity controlled by Shu Pu, a founding member of the Company. Goods bought from a related company during the financial reporting period are based on the price lists and terms that would be available to third parties with the entitlement of a charity discount of 20% approximately. Event subcontracting services are bought on a cost plus basis. All other transactions are made on normal commercial terms.
- (b) Libby Alexander is a founding member of the Company and currently provides day to day management and coaching services on a part time consultancy basis on normal commercial terms.

8. Approval of financial statements

These financial statements are authorised for issue by the Company's Board of Directors on 31st July 2018.

SPLASH FOUNDATION LIMITED
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Appendix

**EXPENSE STATEMENT BY ACTIVITY
FOR THE PERIOD FROM 22ND SEPTEMBER 2016
(DATE OF INCORPORATION) TO 31ST DECEMBER 2017**

	Migrant domestic workers programme HK\$	Local Hong Kong youth programme HK\$	Fundraising and development HK\$	General and admin HK\$	Total HK\$
Accounting	-	-	-	9,000	9,000
Auditor's remuneration	-	-	-	12,000	12,000
Bank charges	-	-	-	716	716
Coach training and development	37,505	-	-	-	37,505
Donation processing fees	-	-	51,238	-	51,238
Event costs	3,729	-	158,042	-	161,771
Insurance	18,360	3,240	6,080	-	27,680
IT and Apps	8,135	-	-	-	8,135
Lesson equipment and supplies	87,786	8,170	4,194	-	100,150
Local transportation	11,864	-	-	-	11,864
Marketing and promotion	4,000	-	114,335	14,898	133,233
Meals and entertainment	4,513	-	-	12,180	16,693
Meeting and conference	-	-	-	3,305	3,305
Miscellaneous	34	-	-	3,008	3,042
Pool rental and lifeguards	120,535	21,719	-	-	142,254
Professional fee	-	-	-	1,600	1,600
Salaries and consultants	<u>236,350</u>	<u>94,650</u>	<u>-</u>	<u>33,000</u>	<u>364,000</u>
	<u>532,811</u>	<u>127,779</u>	<u>333,889</u>	<u>89,707</u>	<u>1,084,186</u>