

PERSATUAN KECHARA SOUP KITCHEN MALAYSIA
(KECHARA SOUP KITCHEN SOCIETY MALAYSIA)
(Registration No. 0926-08-SEL, Societies Act 1966)

REPORTS AND FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED
31 DECEMBER 2018

**PERSATUAN KECHARA SOUP KITCHEN MALAYSIA
(KECHARA SOUP KITCHEN SOCIETY MALAYSIA)
(Registration No. 0926-08-SEL, Societies Act 1966)**

**REPORTS AND FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018**

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PERSATUAN KECHARA SOUP KITCHEN MALAYSIA
(KECHARA SOUP KITCHEN SOCIETY MALAYSIA)
(Registration No. 0926-08-SEL, Societies Act 1966)

SOCIETY INFORMATION

PRESIDENT : Ooi Seong Huat

VICE PRESIDENT : Phng Li Kim

SECRETARY : Chuah Su Ming

TREASURER : Ooi Beng Kooi

COMMITTEE MEMBERS : Grace Leong Lai Ching
Patsy Lim Siew Hoon
Lew Kwan Leng
Choo Wai Meng
Louise Lee

AUDITORS : HLB Ler Lum (AF 0276)
Chartered Accountants
A member of HLB International

REGISTERED OFFICE : No. 17, Jalan Barat (Off Jalan Imbi)
55100 Kuala Lumpur
Wilayah Persekutuan Kuala Lumpur

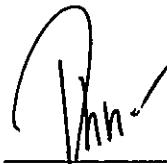
OFFICE : No. 17, Jalan Barat (Off Jalan Imbi)
55100 Kuala Lumpur
Wilayah Persekutuan Kuala Lumpur

PERSATUAN KECHARA SOUP KITCHEN MALAYSIA
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(Registration No. 0926-08-SEL, Societies Act 1966)

STATEMENT BY THE VICE PRESIDENT AND TREASURER

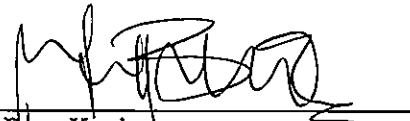
We, PHNG LI KIM and OOI BENG KOOI, being the Vice President and Treasurer, respectively, of PERSATUAN KECHARA SOUP KITCHEN MALAYSIA (KECHARA SOUP KITCHEN SOCIETY MALAYSIA), do hereby state that, in the opinion of the Committee Members, the accompanying financial statements give a true and fair view of the financial position of the Society as of 31 December 2018 and of its financial performance and cash flows for the financial year then ended in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Societies Act 1966 in Malaysia.

On behalf of the Committee Members,



Phng Li Kim
Vice President

Dated : 22 APR 2019
Kuala Lumpur

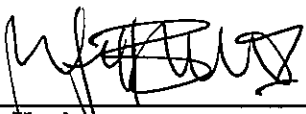


Ooi Beng Kooi
Treasurer

PERSATUAN KECHARA SOUP KITCHEN MALAYSIA
(KECHARA SOUP KITCHEN SOCIETY MALAYSIA)
(Registration No. 0926-08-SEL, Societies Act 1966)

STATUTORY DECLARATION

I, OOI BENG KOOI, being the Treasurer of PERSATUAN KECHARA SOUP KITCHEN MALAYSIA (KECHARA SOUP KITCHEN SOCIETY MALAYSIA), do solemnly and sincerely declare that to the best of my knowledge and belief, the accompanying financial statements are correct, and I make this solemn declaration conscientiously believing the same to be true and by virtue of the provisions of the Statutory Declarations Act, 1960.



Ooi Beng Kooi

Subscribed and solemnly declared by the
abovenamed OOI BENG KOOI
at Kuala Lumpur on 22 APR 2019

Before me,



B-3A-4, Megan Avenue 2,
12, Jalan Yap Kwan Seng,
50450 Kuala Lumpur.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF
PERSATUAN KECHARA SOUP KITCHEN MALAYSIA
(KECHARA SOUP KITCHEN SOCIETY MALAYSIA)
(Registration No. 0926-08-SEL, Societies Act 1966)

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of PERSATUAN KECHARA SOUP KITCHEN MALAYSIA (KECHARA SOUP KITCHEN SOCIETY MALAYSIA), which comprise the Statement of Financial Position as at 31 December 2018, and the Statement of Income and Expenditure, Statement of Changes in Accumulated Funds and Statement of Cash Flows for the financial year then ended, and a summary of significant accounting policies and other explanatory notes, as set out on pages 7 to 30.

In our opinion, the financial statements give a true and fair view of the financial position of the Society as at 31 December 2018, and of its financial performance and its cash flows for the financial year ended 31 December 2018 in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards, the requirements of the Societies Act 1966 in Malaysia and the provisions of the constitution dated 19 December 2016.

Basis for Opinion

We conducted our audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing. Our responsibilities under those standards are further described in the *Auditors' Responsibilities for the Audit of the Financial Statements* section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence and Other Ethical Responsibilities

We are independent of the Society in accordance with the *By-Laws (on Professional Ethics, Conduct and Practice)* of the Malaysia Institute of Accountants ("By-Laws") and the International Ethics Standards Board for Accountants' *Code of Ethics for Professional Accountants* ("IESBA Code"), and we have fulfilled our other ethical responsibilities in accordance with the By-Laws and the IESBA Code.

Committee Members' Responsibility for the Financial Statements

The Committee Members of the Society are responsible for the preparation of financial statements so as to give a true and fair view in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards, the requirements of the Societies Act 1966 in Malaysia and the provisions of the constitution dated 19 December 2016. The Committee Members are also responsible for such internal control as the Committee Members determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF
PERSATUAN KECHARA SOUP KITCHEN MALAYSIA
(KECHARA SOUP KITCHEN SOCIETY MALAYSIA)
(Registration No. 0926-08-SEL, Societies Act 1966) – (Continued)**

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements of the Society as a whole are free from material misstatement, whether due to fraud or error, and to issue an Auditors' Report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with approved standards on auditing in Malaysia and International Standards on Auditing 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 approved standards on auditing in Malaysia and International Standards on Auditing, 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 of the Society, 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 Society's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Committee Members.
- Conclude on the appropriateness of the Committee Members 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 Society's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our Auditors' Report to the related disclosures in the financial statements of the Society 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 Auditors' Report. However, future events or conditions may cause the Society to cease to continue as a going concern.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF
PERSATUAN KECHARA SOUP KITCHEN MALAYSIA
(KECHARA SOUP KITCHEN SOCIETY MALAYSIA)
(Registration No. 0926-08-SEL, Societies Act 1966) – (Continued)

Auditors' Responsibilities for the Audit of the Financial Statements – (Continued)

- Evaluate the overall presentation, structure and content of the financial statements of the Society, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

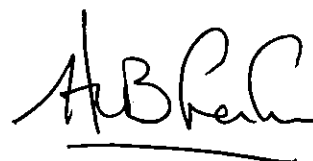
We communicate with the Committee Members regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Report on Other Legal and Regulatory Requirements

In accordance with the requirements of the Societies Act 1966 in Malaysia, we also report that in our opinion the accounting and the registers required by the Act to be kept by PERSATUAN KECHARA SOUP KITCHEN MALAYSIA (KECHARA SOUP KITCHEN SOCIETY MALAYSIA) have been properly kept in accordance with the provisions of the Act.

Other Matters

This Report is made solely to the members of the Society, as a body, in accordance with Societies Act 1966 in Malaysia and for no other purpose. We do not assume responsibility to any other person for the content of this Report.



HLB LER LUM
AF 0276
Chartered Accountants



DATO' LER CHENG CHYE
00871/03/2021 J
Chartered Accountant

Dated : 22 April 2019
Kuala Lumpur

PERSATUAN KECHARA SOUP KITCHEN MALAYSIA
(KECHARA SOUP KITCHEN SOCIETY MALAYSIA)
(Registration No. 0926-08-SEL, Societies Act 1966)

STATEMENT OF INCOME AND EXPENDITURE
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

	Note	2018 RM	2017 RM
INCOME			
Donation income		1,298,628	1,401,389
Fixed deposit interest income		34,899	15,303
Other income		35	-
		<u>1,333,562</u>	<u>1,416,692</u>
EXPENDITURE			
Accounting fee		2,000	2,000
Advertisement		11,379	12,141
Attestation fee		49	35
Auditors' remuneration		2,600	2,600
Bank charges		1,548	1,725
Cleaning charges		6,226	4,411
Client welfare		18,002	-
Depreciation	6	70,648	52,836
EIS Contribution		626	-
Electricity		24,027	19,684
EPF contribution		44,927	40,972
Food distribution		113,499	164,655
Fund-raising expenditure		-	24,269
Gift to homeless		72,183	18,827
GST not claimable		942	13,035
Professional fees		9,791	12,740
Licenses		615	1,085
Medical fee for homeless		1,255	14,821
Medical fee for staff		883	260
Miscellaneous		11,322	10,671
Newspaper and periodicals		4	-
Penalty		400	538
Postage and courier		330	193
Printing and stationery		13,960	11,985
Printing of T-shirt		6,344	14,154
		<u>413,560</u>	<u>423,637</u>
Balance carried forward		413,560	423,637

The notes set out on pages 12 to 30 form an integral part of these financial statements.

PERSATUAN KECHARA SOUP KITCHEN MALAYSIA
(KECHARA SOUP KITCHEN SOCIETY MALAYSIA)
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STATEMENT OF INCOME AND EXPENDITURE
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018 – (Continued)

	Note	2018 RM	2017 RM
Balance brought forward		413,560	423,637
Quit rent		6,234	3,600
Rental		17,448	22,500
Rental of office equipment		1,950	1,135
Road tax and insurance		13,433	15,647
Sewerage		650	735
Sponsorship		10,135	12,833
Staff costs		373,892	344,672
Staff reward		2,313	-
Staff training cost		8,830	-
SOCSSO contribution		5,662	5,066
Telecommunication charges		3,970	4,408
Telephone, fax and internet		9,841	8,107
Travelling and accomodation		10,523	1,758
Transportation expenses		93,894	75,197
Upkeep of kitchen		29,716	5,620
Upkeep of motor vehicle		17,384	9,025
Upkeep and maintenance		17,196	18,842
Water charges		740	775
Website services		55,145	49,610
		<u>1,092,516</u>	<u>1,003,167</u>
SURPLUS BEFORE TAX		241,046	413,525
TAX EXPENSE	5	<u>-</u>	<u>-</u>
SURPLUS FOR THE FINANCIAL YEAR		<u><u>241,046</u></u>	<u><u>413,525</u></u>

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PERSATUAN KECHARA SOUP KITCHEN MALAYSIA
(KECHARA SOUP KITCHEN SOCIETY MALAYSIA)
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STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2018

	Note	2018 RM	2017 RM
NON-CURRENT ASSET			
Property, plant and equipment	6	<u>171,997</u>	<u>87,051</u>
CURRENT ASSETS			
Other receivables	7	17,982	23,309
Fixed deposit with a licensed financial institution	8	1,190,313	525,414
Cash and bank balances		<u>511,939</u>	<u>1,032,568</u>
		<u>1,720,234</u>	<u>1,581,291</u>
CURRENT LIABILITY			
Other payables	9	<u>7,150</u>	<u>14,307</u>
NET CURRENT ASSETS			
		1,713,084	1,566,984
		<u>1,885,081</u>	<u>1,654,035</u>
ACCUMULATED FUNDS			
Society's operations		1,885,081	1,644,035
Motor vehicle fund	10	<u>-</u>	<u>10,000</u>
		<u>1,885,081</u>	<u>1,654,035</u>

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PERSATUAN KECHARA SOUP KITCHEN MALAYSIA
(KECHARA SOUP KITCHEN SOCIETY MALAYSIA)
(Registration No. 0926-08-SEL, Societies Act 1966)

STATEMENT OF CHANGES IN ACCUMULATED FUNDS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

	Society's Operations RM	Motor Vehicle Fund RM	Total RM
Balance as at 1 January 2017	1,230,510	10,000	1,240,510
Surplus for the financial year	413,525	-	413,525
Balance as at 31 December 2017	<u>1,644,035</u>	<u>10,000</u>	<u>1,654,035</u>
Surplus for the financial year	241,046	-	241,046
Utilised during the financial year	-	(10,000)	(10,000)
Balance as at 31 December 2018	<u><u>1,885,081</u></u>	<u><u>-</u></u> (Note 10)	<u><u>1,885,081</u></u>

The notes set out on pages 12 to 30 form an integral part of these financial statements.

PERSATUAN KECHARA SOUP KITCHEN MALAYSIA
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(Registration No. 0926-08-SEL, Societies Act 1966)

STATEMENT OF CASH FLOWS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

	Note	2018 RM	2017 RM
CASH FLOWS FROM OPERATING ACTIVITIES			
Surplus before tax		241,046	413,525
Adjustments for :-			
Depreciation		70,648	52,836
Interest income		(34,934)	(15,303)
Operating surplus before changes in working capital		<u>276,760</u>	<u>451,058</u>
Receivables		5,327	(10,627)
Payables		(7,157)	(31,667)
Cash flow generated from operations		<u>274,930</u>	<u>408,764</u>
Interest income		34,934	15,303
Net cash from operating activities		<u>309,864</u>	<u>424,067</u>
 CASH FLOWS FROM INVESTING ACTIVITY			
Purchase of property, plant and equipment		<u>(155,594)</u>	<u>(5,113)</u>
Net cash used in investing activity		<u>(155,594)</u>	<u>(5,113)</u>
 CASH FLOW FROM FINANCING ACTIVITY			
Net payment from motor vehicle funds		<u>(10,000)</u>	<u>-</u>
Net cash used in financing activity		<u>(10,000)</u>	<u>-</u>
 Net changes in cash and cash equivalents			
		144,270	418,954
 Cash and cash equivalents brought forward			
		<u>1,557,982</u>	<u>1,139,028</u>
 Cash and cash equivalents carried forward			
		<u>1,702,252</u>	<u>1,557,982</u>
 Cash and cash equivalents comprise :-			
Cash and bank balances		511,939	1,032,568
Fixed deposit with a licensed financial institution	8	<u>1,190,313</u>	<u>525,414</u>
		<u>1,702,252</u>	<u>1,557,982</u>

The notes set out on pages 12 to 30 form an integral part of these financial statements.

PERSATUAN KECHARA SOUP KITCHEN MALAYSIA
(KECHARA SOUP KITCHEN SOCIETY MALAYSIA)
(Registration No. 0926-08-SEL, Societies Act 1966)

NOTES TO THE FINANCIAL STATEMENTS

1. PRINCIPAL OBJECTS/ACTIVITIES

The Society is established under the Societies Act 1966. The principal objects/activities of the Society under the Act are :-

- (a) to facilitate the collection of contributions, gifts, donations and all manner of aid from the public in order to provide help and assistance to the poor, unfortunate, underprivileged, physically or mentally challenged and to all in need of financial or other types of aid/assistance, such as, but not limited to, the following :-
 - (i) feeding the homeless
 - (ii) counselling
 - (iii) respite and refuge
 - (iv) warm food, grooming and laundry facilities
 - (v) a tuition venue for underprivileged students;
- (b) to foster unity and friendship among Members;
- (c) to assist in charitable undertakings;
- (d) to collect donations to further the aims of the Society subject to the condition that prior approval be obtained from the Registrar of Societies and other relevant authorities;
- (e) to apply, lease or possess land and other properties to further the aims of the Society, subject to the condition that prior approval is obtained from the relevant authorities;
- (f) to administer the properties of the Society; and
- (g) to extend the resources, activities, with others registered Society, in which, sharing the same objective and vision.

The registered address of the Society is at No. 17, Jalan Barat (Off Jalan Imbi), 55100 Kuala Lumpur, Wilayah Persekutuan Kuala Lumpur.

PERSATUAN KECHARA SOUP KITCHEN MALAYSIA
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NOTES TO THE FINANCIAL STATEMENTS – (Continued)

2. BASIS OF PREPARATION

(a) Statement of compliance

The financial statements of the Society have been prepared in accordance with the Malaysian Financial Reporting Standards (“MFRSs”), International Financial Reporting Standards (“IFRSs”) and the requirements of the Societies Act 1966 in Malaysia.

The following are accounting standards, amendments and interpretations that have been issued by the Malaysian Accounting Standards Board (“MASB”) but have not been adopted by the Society :-

MFRSs, Interpretations and Amendments effective for annual periods beginning on or after 1 January 2019

- MFRS 16 , *Leases*

MFRSs, Interpretations and Amendments effective for annual periods beginning on or after 1 January 2020

- Amendments to MFRS 3 , *Business Combinations – Definition of a Business*
- Amendments to MFRS 101 , *Presentation of Financial Statements – Definition of Material*
- Amendments to MFRS 108 , *Accounting Policies, Changes in Accounting Estimates and Errors – Definition of Material*

MFRSs, Interpretations and Amendments effective for annual periods beginning on or after 1 January 2021

- MFRS 17 , *Insurance Contracts*

PERSATUAN KECHARA SOUP KITCHEN MALAYSIA
(KECHARA SOUP KITCHEN SOCIETY MALAYSIA)
(Registration No. 0926-08-SEL, Societies Act 1966)

NOTES TO THE FINANCIAL STATEMENTS – (Continued)

2. BASIS OF PREPARATION – (Continued)

(a) Statement of compliance – (Continued)

The Society plans to apply the abovementioned accounting standards, amendments and interpretations that are applicable to the Society :-

- from the annual period beginning on 1 January 2019 for those accounting standards, amendments or interpretations that are effective for annual periods beginning on or after 1 January 2019
- from the annual period beginning on 1 January 2020 for those accounting standards, amendments or interpretations that are effective for annual periods beginning on or after 1 January 2020
- from the annual period beginning on 1 January 2021 for those accounting standards, amendments or interpretations that are effective for annual periods beginning on or after 1 January 2021

The initial application of the abovementioned accounting standards, amendments or interpretations are not expected to have any material financial impacts to the financial statements of the Society.

(b) Basis of measurement

The financial statements of the Society have been prepared on the historical cost basis other than as disclosed in the significant accounting policies below.

(c) Functional and presentation currency

The financial statements are presented in Ringgit Malaysia (“RM”), which is the Society’s functional and presentation currency.

(d) Use of estimates and judgements

The preparation of financial statements in conformity with the MFRSs requires the Society to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

PERSATUAN KECHARA SOUP KITCHEN MALAYSIA
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NOTES TO THE FINANCIAL STATEMENTS – (Continued)

2. BASIS OF PREPARATION – (Continued)

(d) Use of estimates and judgements – (Continued)

There are no significant areas of estimation uncertainty and critical judgements in applying accounting policies that have significant effect on the amounts recognised in the financial statements.

3. SIGNIFICANT ACCOUNTING POLICIES

(a) Income recognition

- (i) Income from members' fees is recognised on accrual basis.
- (ii) Income from events and sales are recognised on receipt basis.
- (iii) Income from donation is recognised on receipt basis.

(b) Financial instruments

(i) Initial recognition and measurement

A financial asset or a financial liability is recognised in the Statement of Financial Position when, and only when, the Society becomes a party to the contractual provisions of the instruments.

A financial instrument is recognised initially, at its fair value plus, in the case of a financial instrument not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition or issue of the financial instrument.

(ii) Financial instrument categories and subsequent measurement

The Society categorises financial instruments as follows :-

Financial assets

The Society recognises all financial assets in its Statement of Financial Position when, and only when, the Society becomes a party to the contractual provisions of the instruments.

Financial assets are initially measured at fair value plus, in the case of financial assets not at fair value through profit or loss, directly attributable transaction costs.

PERSATUAN KECHARA SOUP KITCHEN MALAYSIA
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NOTES TO THE FINANCIAL STATEMENTS – (Continued)

3. SIGNIFICANT ACCOUNTING POLICIES – (Continued)

(b) Financial instruments – (Continued)

(ii) Financial instrument categories and subsequent measurement – (Continued)

The Society categorises financial instruments as follows :-

Financial assets – (Continued)

The Society determines the classification of its financial assets at initial recognition, and the categories include loans and receivables. The Society does not have any held-to-maturity financial assets, available-for-sale financial assets and financial assets at fair value through profit or loss.

Loans and receivables

Financial assets with fixed or determinable payments that are not quoted in an active market are classified as loans and receivables. The Society's loans and receivables comprise receivables and cash and bank balances.

Loans and receivables are classified as current assets, except for those having maturity dates later than 12 months after the end of the reporting period which are classified as non-current.

A financial asset is derecognised when, and only when, the contractual rights to the cash flows from the financial assets expired or it transfers the financial asset without retaining control or substantially all the risks and rewards of ownership of the financial asset to another party. On derecognition of a financial asset in its entirety, the difference between the carrying amount and the sum of the consideration received and any cumulative gain or loss that had been recognised in other comprehensive income is recognised in profit or loss.

Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the period generally established by regulation or convention in the marketplace concerned. All regular way purchases and sales of financial assets are recognised or derecognised on the trade date i.e., the date that the Society commits to purchase or sell the asset.

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NOTES TO THE FINANCIAL STATEMENTS – (Continued)

3. SIGNIFICANT ACCOUNTING POLICIES – (Continued)

(b) Financial instruments – (Continued)

(ii) Financial instrument categories and subsequent measurement – (Continued)

The Society categorises financial instruments as follows :-

Financial liabilities

The Society recognises all financial liabilities in its Statement of Financial Position when, and only when, the Society becomes a party to the contractual provisions of the instruments.

Financial liabilities are initially measured at fair value plus, in the case of other financial liabilities, directly attributable transaction costs.

Financial liabilities are classified as either financial liabilities at fair value through profit or loss or other financial liabilities at amortised cost.

The Society did not have any financial liabilities at fair value through profit or loss during the financial year ended 31 December 2018. The financial liabilities of the Society are classified as other financial liabilities.

Other financial liabilities

The Society's other financial liabilities include payables.

Payables are recognised initially at fair value plus directly attributable transaction costs and subsequently measured at amortised cost using the effective interest rate method.

For other financial liabilities, gains and losses are recognised in profit or loss when the liabilities are derecognised, and through the amortisation process.

A financial liability is derecognised when, and only when, the obligation specified in the contract is extinguished. When an existing financial liability is exchanged with the same lender on substantially different terms or the terms of an existing liability are substantially modified, they are accounted for as an extinguishment of the original financial liability and a new financial liability is recognised. The difference between the carrying amount of a financial liability extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss.

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NOTES TO THE FINANCIAL STATEMENTS – (Continued)

3. SIGNIFICANT ACCOUNTING POLICIES – (Continued)

(c) Impairment

(i) Impairment of non-financial assets

The Society assesses at the end of each reporting period whether there is an indication that an asset may be impaired. If any such indication exists, or when an annual impairment assessment for an asset is required, the Society makes an estimate of the asset's recoverable amount.

An asset's recoverable amount is the higher of an asset's fair value less costs to sell and its value in use. For the purpose of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units ("CGU")).

In assessing value in use, the estimated future cash flows expected to be generated by the asset 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 the carrying amount of an asset exceeds its recoverable amount, the asset is written down to its recoverable amount. Impairment losses recognised in respect of a CGU or groups of CGUs are allocated first to reduce the carrying amount of any goodwill allocated to those units or groups of units and then, to reduce the carrying amount of the other assets in the unit or groups of units on a pro-rata basis.

Impairment losses are recognised in income or expenditure except for assets that are previously revalued where the revaluation was taken to other income and expenditure. In this case, the impairment is also recognised in other income and expenditure up to the amount of any previous revaluation.

An assessment is made at the end of each reporting period as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. A previously recognised impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. If that is the case, the carrying amount of the asset is increased to its recoverable amount. That increase cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised previously. Such reversal is recognised in profit or loss unless the asset is measured at revalued amount, in which case the reversal is treated as a revaluation increase. Impairment loss on goodwill is not reversed in a subsequent period.

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NOTES TO THE FINANCIAL STATEMENTS – (Continued)

3. SIGNIFICANT ACCOUNTING POLICIES – (Continued)

(c) Impairment – (Continued)

(ii) Impairment of financial assets

The Society assesses at the end of each reporting period whether there is any objective evidence that a financial asset is impaired.

Receivables and other financial assets carried at amortised cost

To determine whether there is objective evidence that an impairment loss on financial assets has been incurred, the Society considers factors such as the significant financial difficulties of the debtor and default or significant delay in payments. Certain categories of financial assets that are assessed not to be impaired individually are subsequently assessed for impairment on a collective basis based on similar risk characteristics. Objective evidence of impairment for a portfolio of receivables could include the Society's past experience of collecting payments, an increase in the number of delayed payments in the portfolio past the average credit period and observable changes in national or local economic conditions that correlate with default on receivables.

If any such evidence exists, the amount of impairment loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the financial asset's original effective interest rate. The impairment loss is recognised in the Statement of Income and Expenditure.

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of trade receivables, where the carrying amount is reduced through the use of an allowance account. When a trade receivable becomes uncollectible, it is written off against the allowance account.

If in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed to the extent that the carrying amount of the asset does not exceed its amortised cost at the reversal date. The amount of reversal is recognised in the Statement of Income and Expenditure.

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NOTES TO THE FINANCIAL STATEMENTS – (Continued)

3. SIGNIFICANT ACCOUNTING POLICIES – (Continued)

(d) Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and accumulated impairment losses.

Cost includes expenditure that is directly attributable to the acquisition of the asset. Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Society and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to the Statement of Income and Expenditure during the financial year in which they are incurred.

Property, plant and equipment are depreciated on the straight line basis at rates required to write off the cost of the property, plant and equipment over their estimated useful lives.

The principal annual rates of depreciation used are as follows :-

Computer	25%
Donation boxes	10%
Electrical works	20%
Furniture and fittings	20%
Motor vehicle	20%
Office equipment	20%

The useful lives and depreciation method of property, plant and equipment are reviewed, and adjusted as appropriate, at the end of each reporting period. The effects of any revision are included in the Statement of Income and Expenditure for the financial year in which the changes arise.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain and loss on derecognition of the asset is included in the Statement of Income and Expenditure in the financial year the asset is derecognised.

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NOTES TO THE FINANCIAL STATEMENTS – (Continued)

3. SIGNIFICANT ACCOUNTING POLICIES – (Continued)

(e) Income tax and deferred tax

Income tax on the profit or loss for the financial year comprises current and deferred tax.

Current tax is the expected amount of income taxes payable in respect of the taxable profit for the financial year and is measured using the tax rates that have been enacted or substantively enacted at the end of the reporting period.

Deferred tax is recognised in full, using the liability method, on temporary differences arising between the amounts attributable to assets and liabilities for tax purposes and their carrying amounts in the financial statements. However, deferred tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction that at the time of the transaction affects neither accounting nor taxable profit or loss.

Deferred tax assets are recognised only to the extent that it is probable that future taxable profit will be available against which the deductible temporary differences or unabsorbed tax losses can be utilised.

Deferred tax is determined using tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax is recognised in the profit or loss, except when it arises from a transaction which is recognised directly in equity, in which case the deferred tax is also charged or credited directly to equity.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset and the Society intends to settle either on a net basis or to realise the asset and settle the liability simultaneously.

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NOTES TO THE FINANCIAL STATEMENTS – (Continued)

3. SIGNIFICANT ACCOUNTING POLICIES – (Continued)

(f) Employees benefits

(i) Short term employee benefits

Wages, salaries, social security contributions, paid annual leave and paid sick leave, are recognised as an expense in the financial year when employees have rendered their services to the Society.

Short term accumulating compensated absences such as paid annual leave are recognised as expenses when employees render services that increase their entitlement to future compensated absences. Short term non-accumulating compensated absences such as sick leave are recognised when the absences occur.

(ii) Post-employment benefits

Defined contribution plan

A defined contribution plan is a pension plan under which the Society pays fixed contributions into a separate entity (a fund) and will have no legal or constructive obligations to pay further contributions if the fund does not hold sufficient assets to pay all employee benefits relating to employee service in the current and prior periods.

As required by law, companies in Malaysia make contributions to the national pension scheme, the Employees Provident Fund (“EPF”). Such contributions are recognised as an expense in the Statement of Income and Expenditure as incurred. Once the contributions have been paid, the Society has no further payment obligations.

(g) Provisions

Provisions are recognised when the Society has a present legal and constructive obligation as a result of past events and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and the amount of the obligation can be estimated reliably.

Provisions are reviewed at the end of each reporting period and adjusted to reflect the current best estimate. If it is no longer probable that an outflow of economic resources will be required to settle the obligation, the provision is reversed. Where the effect of time value of money is material, the amount of provision is measured at the present value of the expenditure expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. Where discounting is used, the increase in the amount of a provision due to passage of time is recognised as finance cost.

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NOTES TO THE FINANCIAL STATEMENTS – (Continued)

3. SIGNIFICANT ACCOUNTING POLICIES – (Continued)

(h) Cash and cash equivalents

Cash and cash equivalents include cash in hand, bank balances, deposits with licensed financial institutions and highly liquid investments which are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

(i) Contingencies

A contingent liability or asset is a possible obligation or asset that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of uncertain future event(s) not wholly within the control of the Society.

Contingent liabilities and assets are not recognised in the Statement of Financial Position of the Society.

4. SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGEMENTS

There were no significant judgements made in applying the accounting policies of the Society which may have significant effects on the amounts recognised in the financial statements.

Management makes key assumptions concerning the future and other key sources of estimation uncertainty at the end of the reporting period that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

The following represents a summary of the key sources of estimation uncertainty :-

(a) Useful lives of property, plant and equipment

Property, plant and equipment are depreciated on the straight-line basis over their estimated useful lives. The Committee estimates that the useful lives of the property, plant and equipment to be 4 years to 10 years. The carrying amount of the Society's property, plant and equipment as at 31 December 2018 was RM171,997 (2017 : RM87,051). Changes in the expected level of usage and technological developments could impact the economic useful lives and residual values of the property, plant and equipment. Therefore, the future depreciation charge could be revised.

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4. SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGEMENTS – (Continued)

(b) Income taxes and deferred tax

An estimation is required to determine the provision for income taxes. There are transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. The Society recognises liabilities for tax based on estimates of assessment of the tax liability due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income tax and deferred tax provisions, where applicable, in the periods in which such determination is made.

Deferred tax implications arising from the changes in corporate income tax rates are measured with reference to the estimated realisation and settlement of temporary differences in the future periods in which the tax rates are expected to apply, based on the tax rates enacted or substantively enacted at the end of the reporting period. While the Society's estimates on the realisation and settlement of temporary differences are based on the available information at the end of the reporting period, future operating performance and other factors could potentially impact on the actual timing and amount of temporary differences realised and settled. Any difference between the actual amount and the estimated amount would be recognised in profit and loss in the period in which actual realisation and settlement occurs.

5. TAX EXPENSE

There is no tax expense for the current financial year as the Society is a non-profit organisation.

On 24 January 2018, the Director General of Inland Revenue has approved the application submitted by the Society to be approved under Section 44(6B) of the Income Tax Act, 1967 as a tax exempt entity effectively from the year of assessment 2018 to the year of assessment 2019. Cash donations received will be tax exempted in the hands of its recipients under the Director General of Inland Revenue's approval number LHDN.01/35/42/51/179-6.7195.

The Society being approved under Section 44(6B) of the Income Tax Act, 1967 will be granted income tax exemption on its income received except for dividend income under paragraph 13 Schedule 6 of the Income Tax Act, 1967.

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NOTES TO THE FINANCIAL STATEMENTS – (Continued)

6. PROPERTY, PLANT AND EQUIPMENT

2018

<u>Cost</u>	Computer RM	Donation boxes RM	Electrical works RM	Furniture and fittings RM	Motor vehicle RM	Office equipment RM	Total RM
Balance at 1.1.2018	30,170	2,510	20,756	73,810	228,904	124,769	480,919
Additions	-	-	-	3,759	145,182	6,653	155,594
Balance at 31.12.2018	30,170	2,510	20,756	77,569	374,086	131,422	636,513
<u>Accumulated depreciation</u>							
Balance at 1.1.2018	27,650	1,977	20,756	67,863	155,528	120,094	393,868
Charge for the financial year	1,470	251	-	3,186	62,632	3,109	70,648
Balance at 31.12.2018	29,120	2,228	20,756	71,049	218,160	123,203	464,516
<u>Net carrying amount</u>							
At 31.12.2018	1,050	282	-	6,520	155,926	8,219	171,997

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6. PROPERTY, PLANT AND EQUIPMENT – (Continued)

2017

<u>Cost</u>	Computer RM	Donation boxes RM	Electrical works RM	Furniture and fittings RM	Motor vehicle RM	Office equipment RM	Total RM
Balance at 1.1.2017	28,071	2,510	20,756	72,933	228,904	122,632	475,806
Additions	2,099	-	-	877	-	2,137	5,113
Balance at 31.12.2017	30,170	2,510	20,756	73,810	228,904	124,769	480,919
<u>Accumulated depreciation</u>							
Balance at 1.1.2017	25,057	1,726	20,756	65,429	109,748	118,316	341,032
Charge for the financial year	2,593	251	-	2,434	45,780	1,778	52,836
Balance at 31.12.2017	27,650	1,977	20,756	67,863	155,528	120,094	393,868
<u>Net carrying amount</u>							
At 31.12.2017	2,520	533	-	5,947	73,376	4,675	87,051

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7. OTHER RECEIVABLES

	2018	2017
	RM	RM
Other debtors and prepayments	1,200	8,377
Deposits	16,782	14,932
	17,982	23,309

8. FIXED DEPOSIT WITH A LICENSED FINANCIAL INSTITUTION

The Society's fixed deposit has a maturity period of 365 days and bears an effective interest rates ranging from 4.18% to 4.39% (2017 : 3.05%) per annum at the end of the reporting period.

9. OTHER PAYABLES

	2018	2017
	RM	RM
Other creditors	160	9,707
Accruals	6,990	4,600
	7,150	14,307

10. MOTOR VEHICLE FUND

	2018	2017
	RM	RM
Surplus of receipt at beginning of the financial year	10,000	10,000
<u>Payments</u>		
– Purchase of new truck	(10,000)	-
	-	10,000
Surplus of receipt at end of the financial year	-	10,000

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11. FINANCIAL INSTRUMENTS

A financial instrument is any contract that gives rise to both a financial asset of one enterprise and a financial liability or equity instrument of another enterprise.

(a) Categories of financial instruments

	2018	2017
	RM	RM
Financial assets		
Other receivables	17,982	23,309
Fixed deposit with a licensed financial institution	1,190,313	525,414
Cash and bank balances	511,939	1,032,568
	1,720,234	1,581,291
Financial liability		
Other payables	7,150	14,307

(b) Financial risk management objectives and policies

The Society's financial risk management objectives are to ensure that the Society creates value and maximises returns to the Society and its members at large. The Society's financial risk management policies seek to ensure that adequate financial and non-financial resources are available for the smooth implementation of its operations. The Society has been financing its operations from internally generated funds and, therefore, is not exposed to interest rate risk arising from bank borrowings. The Society does not invest in quoted shares and is, therefore, not exposed to market risk arising from the risk of the financial instruments fluctuating due to changes in market prices.

(i) Credit risk

Receivables and transactions with banking institutions may give rise to credit risk which requires the loss to be recognised if a counter party fails to perform as contracted. The counter parties are licensed financial institutions and members of the Society. It is the policy of the Society to monitor the financial standing of these counter parties on an ongoing basis to ensure that the Society is exposed to minimal credit risk.

Other than as mentioned, the Society has no significant concentration of credit risk. The maximum exposures to credit risk are represented by the carrying amounts of the financial assets in the financial position.

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12. CAPITAL MANAGEMENT

The Society regularly reviews and manages its capital to ensure adequacy for both operational and capital needs. All surpluses are transferred to the accumulated fund for future operational needs.

For the purpose of capital disclosure, the Committee Members regards the accumulated fund as capital of the Society.

13. AUTHORISATION FOR ISSUE OF FINANCIAL STATEMENTS

These financial statements have been authorised for issue by the Vice President and Treasurer on 22 April 2019.