

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 2015

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 2015

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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	: Tan Poh Chin
SECRETARY	: Chuah Su Ming
TREASURER	: Ooi Beng Kooi
COMMITTEE MEMBERS	: Grace Leong Lai Ching Patsy Lim Siew Hoon Cheah Kok Leong Phng Li Kim
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
(KECHARA SOUP KITCHEN SOCIETY MALAYSIA)
(Registration No. 0926-08-SEL, Societies Act 1966)

STATEMENT BY THE PRESIDENT AND TREASURER

We, OOI SEONG HUAT and OOI BENG KOOL, being the 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 2015 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,



Ooi Seong Huat
President



Ooi Beng Kool
Treasurer

Dated : 11 APR 2016
Kuala Lumpur

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

11 APR 2016

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)
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Report on the Financial Statements

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 2015, 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 6 to 29.

Committee Members' Responsibility for the Financial Statements

The Committee Members of PERSATUAN KECHARA SOUP KITCHEN MALAYSIA (KECHARA SOUP KITCHEN SOCIETY MALAYSIA) 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 and the requirements of the Societies Act, 1966 in Malaysia. 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.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with approved standards on auditing in Malaysia. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on our judgment, including the assessment of risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to PERSATUAN KECHARA SOUP KITCHEN MALAYSIA (KECHARA SOUP KITCHEN SOCIETY MALAYSIA)'s preparation of financial statements that give a true and fair view 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 PERSATUAN KECHARA SOUP KITCHEN MALAYSIA (KECHARA SOUP KITCHEN SOCIETY MALAYSIA)'s internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Committee Members, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

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)

Opinion

In our opinion, the financial statements give a true and fair view of the financial position of PERSATUAN KECHARA SOUP KITCHEN MALAYSIA (KECHARA SOUP KITCHEN SOCIETY MALAYSIA) as of 31 December 2015 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.

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 other records 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 provision of the Act.

Other Matters

This Report is made solely to the members of PERSATUAN KECHARA SOUP KITCHEN MALAYSIA (KECHARA SOUP KITCHEN SOCIETY MALAYSIA), as a body, in accordance with the 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
871/3/17(J/PH)
Chartered Accountant

Dated : 11 April 2016
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 2015

	Note	2015 RM	2014 RM
INCOME			
Event income		3,428	10,180
Sales income		3,500	21,411
Donation income		1,612,092	1,073,084
Members' subscription fee		-	600
Gain on disposal of property, plant and equipment		-	6,400
Other creditors written back		6,928	-
		<u>1,625,948</u>	<u>1,111,675</u>
EXPENDITURE			
Advertising		-	1,202
Attestation fee		105	-
Auditors' remuneration		2,600	2,600
Bank charges		868	443
Depreciation	6	31,627	38,692
Debts written off		1,328	-
Deposit written off		500	-
Electricity		14,744	13,409
EPF contribution		25,489	12,095
Food distribution		507,092	278,418
Gift		-	8,654
Gift to homeless		11,103	20,585
GST not claimable		1,332	-
Professional fees		7,734	6,461
Licenses		485	1,208
Loss on disposal of property, plant and equipment		16	26,764
Medical fee for homeless		37,209	-
Medical fee for staff		-	85
Miscellaneous		601	-
Newspaper and periodicals		45	196
Penalty		1,730	300
Postage and courier		369	-
		<u>644,977</u>	<u>411,112</u>
Balance carried forward		644,977	411,112

The notes set out on pages 11 to 29 form an integral part of these financial statements.

PERSATUAN KECHARA SOUP KITCHEN MALAYSIA
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STATEMENT OF INCOME AND EXPENDITURE
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015 – (Continued)

	Note	2015 RM	2014 RM
Balance brought forward		644,977	411,112
Printing and stationery		7,404	4,865
Printing of T-shirt		8,311	26,529
Quit rent		723	-
Rental		16,800	13,200
Rental of equipment		2,438	-
Road tax and insurance		7,670	6,817
Sewerage		880	-
Staff costs		196,945	218,786
SOCSSO contribution		2,969	1,136
Telecommunication charges		4,009	10,249
Telephone, fax and internet		7,987	-
Travelling and accommodation		3,562	12,349
Transportation expenses		36,106	40,064
Upkeep of kitchen		25,641	25,097
Upkeep of motor vehicle		13,675	15,959
Upkeep and maintenance		-	495
Water charges		844	770
Website services		63,260	49,600
		<u>1,044,201</u>	<u>837,028</u>
SURPLUS BEFORE TAX		581,747	274,647
TAX EXPENSE	5	<u>-</u>	<u>-</u>
SURPLUS FOR THE FINANCIAL YEAR		<u><u>581,747</u></u>	<u><u>274,647</u></u>

The notes set out on pages 11 to 29 form an integral part of these financial statements.

PERSATUAN KECHARA SOUP KITCHEN MALAYSIA
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STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2015

	Note	2015 RM	2014 RM
NON-CURRENT ASSET			
Property, plant and equipment	6	<u>80,636</u>	<u>98,886</u>
CURRENT ASSETS			
Other receivables	7	156,362	12,927
Cash and bank balances		<u>866,101</u>	<u>400,594</u>
		<u>1,022,463</u>	<u>413,521</u>
CURRENT LIABILITY			
Other payables	8	<u>35,596</u>	<u>26,651</u>
NET CURRENT ASSETS		986,867	386,870
		<u>1,067,503</u>	<u>485,756</u>
ACCUMULATED FUNDS			
Society's operations		1,057,503	475,756
Motor vehicle fund	9	<u>10,000</u>	<u>10,000</u>
		<u>1,067,503</u>	<u>485,756</u>

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PERSATUAN KECHARA SOUP KITCHEN MALAYSIA
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STATEMENT OF CHANGES IN ACCUMULATED FUNDS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

	Society's Operations RM	Motor Vehicle Fund RM	Total RM
Balance as at 1 January 2014	201,109	10,000	211,109
Surplus for the financial year	274,647	-	274,647
Balance as at 31 December 2014	475,756	10,000	485,756
Surplus for the financial year	581,747	-	581,747
Balance as at 31 December 2015	1,057,503	10,000 (Note 9)	1,067,503

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PERSATUAN KECHARA SOUP KITCHEN MALAYSIA
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STATEMENT OF CASH FLOWS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

	2015 RM	2014 RM
CASH FLOWS FROM OPERATING ACTIVITIES		
Surplus before tax	581,747	274,647
Adjustments for :-		
Depreciation	31,627	38,692
Loss / (Gain) on disposal of property, plant and equipment	16	(6,400)
Other creditor written back	(6,928)	-
Operating surplus before changes in working capital	606,462	306,939
Receivables	(143,435)	(500)
Payables	15,873	(26,954)
Net cash flow from operating activities	<u>478,900</u>	<u>279,485</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property, plant and equipment	(13,518)	(75,855)
Proceeds from disposal of property, plant and equipment	<u>125</u>	<u>30,000</u>
Net cash flow used in investing activities	<u>(13,393)</u>	<u>(45,855)</u>
CASH FLOWS FROM FINANCING ACTIVITY	<u>-</u>	<u>-</u>
Net changes in cash and cash equivalents	465,507	233,630
Cash and cash equivalents brought forward	<u>400,594</u>	<u>166,964</u>
Cash and cash equivalents carried forward	<u><u>866,101</u></u>	<u><u>400,594</u></u>
Cash and cash equivalents comprise :-		
Cash and bank balances	<u><u>866,101</u></u>	<u><u>400,594</u></u>

The notes set out on pages 11 to 29 form an integral part of these financial statements.

PERSATUAN KECHARA SOUP KITCHEN MALAYSIA
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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.

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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 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 2016

- MFRS 14, Regulatory Deferral Accounts
- Amendments to MFRS 5, Non-current Assets held for Sale and Discounted Operations (Annual Improvements 2012-2014 Cycle)
- Amendments to MFRS 7, Financial Instruments : Disclosures (Annual Improvements 2012-2014 Cycle)
- Amendments to MFRS 10, Consolidated Financial Statements and MFRS 128, Investment in Associates and Joint Ventures : Sale or Contribution of Assets between an Investor and its Associate or Joint Venture
- Amendments to MFRS 10, Consolidated Financial Statements, MFRS 12, Disclosure of Interests in Other Entities and MFRS 128, Investment in Associates and Joint Ventures : Investment Entities – Applying the Consolidation Exception
- Amendments to MFRS 11, Joint Arrangements : Accounting for Acquisitions of Interests in Joint Operations
- Amendments to MFRS 101, Presentation of Financial Statements : Disclosure Initiative
- Amendments to MFRS 116, Property, Plant and Equipment and MFRS 138, Intangible Assets : Clarification of Acceptable Methods of Depreciation and Amortisation
- Amendments to MFRS 116, Property, Plant and Equipment and MFRS 141, Agriculture : Agriculture – Bearer Plants
- Amendments to MFRS 119, Employee Benefits (Annual Improvements 2012-2014 Cycle)
- Amendments to MFRS 127, Consolidated and Separate Financial Statements : Equity Method in Separate Financial Statements

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NOTES TO THE FINANCIAL STATEMENTS – (Continued)

2. BASIS OF PREPARATION – (Continued)

(a) Statement of compliance – (Continued)

MFRSs, Interpretations and amendments effective for annual periods beginning on or after 1 January 2018

- MFRS 9, Financial Instruments (2014)
- MFRS 15, Revenue from Contracts with Customers

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

- from the annual period beginning on 1 January 2016 for those accounting standards, amendments or interpretations that are effective for annual periods beginning on or after 1 January 2016
- from the annual period beginning on 1 January 2018 for those accounting standards, amendments or interpretations that are effective for annual periods beginning on or after 1 January 2018

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.

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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.

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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)

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 2015. 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 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 Company intends to settle either on a net basis or to realise the asset and settle the liability simultaneously.

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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 pretax 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 2015 was RM80,636 (2014 : RM98,886). 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 14 June 2013, the Director General of Inland Revenue has approved the application submitted by the Society to be approved under Section 44(6) of the Income Tax Act, 1967 as a tax exempt entity effectively from the year of assessment 2013 to the year of assessment 2017. 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(6) 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

2015

	Computer RM	Donation boxes RM	Electrical works RM	Furniture and fittings RM	Motor vehicle RM	Office equipment RM	Total RM
<u>Cost</u>							
Balance at 1.1.2015	24,288	2,510	20,756	63,761	129,454	115,695	356,464
Additions	3,924	-	-	3,411	-	6,183	13,518
Disposal	(141)	-	-	-	-	-	(141)
Balance at 31.12.2015	28,071	2,510	20,756	67,172	129,454	121,878	369,841
<u>Accumulated depreciation</u>							
Balance at 1.1.2015	20,922	1,224	20,756	60,904	38,077	115,695	257,578
Charge for the financial year	2,067	251	-	2,182	25,890	1,237	31,627
Disposal	-	-	-	-	-	-	-
Balance at 31.12.2015	22,989	1,475	20,756	63,086	63,967	116,932	289,205
<u>Net carrying amount</u>							
At 31.12.2015	5,082	1,035	-	4,086	65,487	4,946	80,636

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6. PROPERTY, PLANT AND EQUIPMENT – (Continued)

2014

<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 1.1.2014	19,800	1,790	20,756	61,641	119,927	115,695	339,609
Additions	4,488	720	-	2,120	68,527	-	75,855
Disposal	-	-	-	-	(59,000)	-	(59,000)
Balance at 31.12.2014	24,288	2,510	20,756	63,761	129,454	115,695	356,464
<u>Accumulated depreciation</u>							
Balance at 1.1.2014	19,800	973	20,756	49,810	47,586	115,361	254,286
Charge for the financial year	1,122	251	-	11,094	25,891	334	38,692
Disposal	-	-	-	-	(35,400)	-	(35,400)
Balance at 31.12.2014	20,922	1,224	20,756	60,904	38,077	115,695	257,578
<u>Net carrying amount</u>							
At 31.12.2014	3,366	1,286	-	2,857	91,377	-	98,886

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7. OTHER RECEIVABLES

	2015	2014
	RM	RM
Other debtors and prepayments	145,080	528
Deposits	11,282	12,399
	<u>156,362</u>	<u>12,927</u>

8. OTHER PAYABLES

	2015	2014
	RM	RM
Other creditors	28,968	6,128
Accruals	6,628	20,523
	<u>35,596</u>	<u>26,651</u>

9. MOTOR VEHICLE FUND

	2015	2014
	RM	RM
Balance at 1 January / 31 December	<u>10,000</u>	<u>10,000</u>

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10. 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

	2015	2014
	RM	RM
Financial assets		
Other receivables	156,362	12,927
Cash and bank balances	866,101	400,594
	<u>1,022,463</u>	<u>413,521</u>
Financial liability		
Other payables	<u>35,596</u>	<u>26,651</u>

(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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NOTES TO THE FINANCIAL STATEMENTS – (Continued)

10. FINANCIAL INSTRUMENTS – (Continued)

(b) Financial risk management objectives and policies – (Continued)

(ii) Liquidity risk

Liquidity or funding risk is the risk of the inability to meet commitments associated with financial instruments.

The Society practices prudent liquidity risk management to minimise the mismatch of financial assets and liability and to maintain sufficient levels of cash or cash equivalents to meet its requirements of working capital.

Maturity analysis

The maturity profile of the Society's financial liability as at the end of the reporting period based on undiscounted contractual payments are as follows :-

	Less than 1 financial year RM	1 to 5 financial years RM	More than 5 financial years RM	Total RM
<u>As at 31 December 2015</u>				
Other payables	35,596	-	-	35,596
<u>As at 31 December 2014</u>				
Other payables	26,651	-	-	26,651

(iii) Fair value

The carrying amount of the financial assets and financial liability of the Society at the end of the financial year approximate their fair values due to the relatively short term nature of these financial instruments.

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11. 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 regards the accumulated fund as capital of the Society.

12. COMPARATIVE FIGURES

Certain comparative figures have been reclassified to conform with current financial year's presentation.

13. AUTHORISATION FOR ISSUE OF FINANCIAL STATEMENTS

These financial statements have been authorised for issue by the President and Treasurer on 11 April 2016.