

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 2020

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 2020

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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
Chow Wai Meng
Louise Lee

AUDITORS : HLB Ler Lum PLT
(201906002362 & AF 0276)
Chartered Accountants
A member of HLB International

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

PRINCIPAL PLACE OF OFFICE : No. 17, Jalan Barat (Off Jalan Imbi)
55100 Kuala Lumpur

PERSATUAN KECHARA SOUP KITCHEN MALAYSIA
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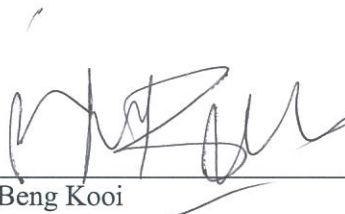
STATEMENT BY THE VICE PRESIDENT AND TREASURER

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 2020 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




Ooi Beng Kooi
Treasurer

Dated : **26 APR 2021**
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 **26 APR 2021**

Before me,

Commissioner for Oaths



B-1-2, Blok B, Tingkat 1, Unit 2
Megan Avenue II
No 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 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 2020, 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 25.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Society as at 31 December 2020, and of its financial performance and its cash flows for the financial year ended 31 December 2020 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.

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 Malaysian Institute of Accountants ("By-Laws") and the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (including International Independence Standards) ("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 of the Society that 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. The Committee Members are also responsible for such internal control as the Committee Members determine is necessary to enable the preparation of financial statements of the Society 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 of the Society 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.

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 PLT
201906002362 & AF 0276
Chartered Accountants



DATO' LER CHENG CHYE
00871/03/2025 J
Chartered Accountant

Dated : 26 April 2021
Kuala Lumpur

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 2020

	Note	2020 RM	2019 RM
INCOME			
Donation income		3,822,301	952,628
Fixed deposit interest income		45,485	43,394
Other income		-	27
		<u>3,867,786</u>	<u>996,049</u>
EXPENDITURE			
Accounting fee		2,000	2,000
Advertisement		929	1,650
Ang Pau		7,000	6,100
Attestation fee		49	79
Auditors' remuneration			
– current financial year		3,000	2,600
– under-provision in previous financial year		400	-
Bank charges		1,644	1,549
Cleaning charges		2,941	7,298
Client welfare		9,394	28,720
Depreciation	5	109,805	50,820
EIS Contribution		804	699
Electricity		27,958	26,825
EPF contribution		56,280	48,815
Food distribution		168,051	62,971
Gift to homeless		14,225	26,459
Licenses		485	485
Medical fee for homeless		9,033	2,989
Medical fee for staff		2,468	960
Miscellaneous		25,248	11,269
Penalty		-	190
Postage and courier		1,812	357
Printing and stationery		12,160	6,255
Printing of T-shirt		8,330	19,871
Professional fees		<u>13,155</u>	<u>7,920</u>
Balance carried forward		477,171	316,881

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STATEMENT OF INCOME AND EXPENDITURE
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020 – (Continued)

	Note	2020 RM	2019 RM
Balance brought forward		477,171	316,881
Quit rent		4,323	4,324
Rental		104,213	40,020
Rental of office equipment		2,300	1,800
Road tax and insurance		27,429	18,522
Sewerage		918	732
Sponsorship		408	4,190
SST expenses		418	251
Staff salaries and wages		544,004	425,761
Staff reward		5,639	434
Staff training cost		26,993	34,122
SOCSO contribution		7,236	6,283
Telecommunication charges		5,214	5,965
Telephone, fax and internet		11,208	6,935
Travelling and accommodation		1,323	7,152
Transportation expenses		51,648	70,544
Upkeep and maintenance		24,056	11,313
Upkeep of kitchen		9,664	10,412
Upkeep of motor vehicle		25,059	23,952
Water charges		4,581	895
Website services		60,490	49,610
		<u>1,394,295</u>	<u>1,040,098</u>
SURPLUS / (DEFICIT) OF INCOME OVER EXPENDITURE BEFORE TAX		2,473,491	(44,049)
TAX EXPENSE	4	-	-
SURPLUS / (DEFICIT) OF INCOME OVER EXPENDITURE FOR THE FINANCIAL YEAR		<u>2,473,491</u>	<u>(44,049)</u>

The notes set out on pages 12 to 25 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 2020

	Note	2020 RM	2019 RM
ASSETS			
NON-CURRENT ASSET			
Property, plant and equipment	5	<u>173,327</u>	<u>212,453</u>
CURRENT ASSETS			
Other receivables	6	164,455	39,955
Fixed deposits with licensed financial institutions	7	2,576,255	1,130,771
Cash and bank balances		<u>1,405,486</u>	<u>466,603</u>
		<u>4,146,196</u>	<u>1,637,329</u>
TOTAL ASSETS		<u>4,319,523</u>	<u>1,849,782</u>
FUND AND LIABILITIES			
ACCUMULATED FUNDS		<u>4,314,523</u>	<u>1,841,032</u>
CURRENT LIABILITY			
Accruals		<u>5,000</u>	<u>8,750</u>
TOTAL FUND AND LIABILITIES		<u>4,319,523</u>	<u>1,849,782</u>

The notes set out on pages 12 to 25 form an integral part of these financial statements.

PERSATUAN KECHARA SOUP KITCHEN MALAYSIA
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STATEMENT OF CHANGES IN ACCUMULATED FUNDS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

	Accumulated funds RM
Balance as at 1 January 2019	1,885,081
Deficit of income over expenditure for the financial year	(44,049)
Balance as at 31 December 2019	<u>1,841,032</u>
Surplus of income over expenditure for the financial year	2,473,491
Balance as at 31 December 2020	<u><u>4,314,523</u></u>

The notes set out on pages 12 to 25 form an integral part of these financial statements.

PERSATUAN KECHARA SOUP KITCHEN MALAYSIA
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STATEMENT OF CASH FLOWS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

	2020 RM	2019 RM
CASH FLOWS FROM OPERATING ACTIVITIES		
Surplus / (Deficit) of income over expenditure before tax	2,473,491	(44,049)
Adjustments for :-		
Depreciation	109,805	50,820
Interest income	(45,485)	(43,394)
Operating surplus / (deficit) before changes in working capital	<u>2,537,811</u>	<u>(36,623)</u>
Receivables	(124,500)	(21,973)
Payables	(3,750)	1,600
Cash generated from / (absorbed by) operations	<u>2,409,561</u>	<u>(56,996)</u>
Interest income	45,485	43,394
Net cash from / (used in) operating activities	<u>2,455,046</u>	<u>(13,602)</u>
CASH FLOWS FROM INVESTING ACTIVITY		
Purchase of property, plant and equipment (Note 5)	<u>(70,679)</u>	<u>(91,276)</u>
Net cash used in investing activity	<u>(70,679)</u>	<u>(91,276)</u>
CASH FLOW FROM FINANCING ACTIVITY	<u>-</u>	<u>-</u>
Net changes in cash and cash equivalents	2,384,367	(104,878)
Cash and cash equivalents brought forward	<u>1,597,374</u>	<u>1,702,252</u>
Cash and cash equivalents carried forward	<u>3,981,741</u>	<u>1,597,374</u>
Cash and cash equivalents comprise :-		
Cash and bank balances	1,405,486	466,603
Fixed deposits with licensed financial institutions (Note 7)	<u>2,576,255</u>	<u>1,130,771</u>
	<u>3,981,741</u>	<u>1,597,374</u>

The notes set out on pages 12 to 25 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 located at No. 17, Jalan Barat (Off Jalan Imbi), 55100 Wilayah Persekutuan Kuala Lumpur.

PERSATUAN KECHARA SOUP KITCHEN MALAYSIA
(KECHARA SOUP KITCHEN SOCIETY 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 Malaysian Financial Reporting Standards (“MFRSs”), International Financial Reporting Standards and the requirements of the Societies Act 1966 in Malaysia.

As of 1 January 2020, the Society has adopted all the pronouncements that are applicable and have been issued by the Malaysian Accounting Standards Board (“MASB”) for annual financial year beginning on and after 1 January 2020.

The Society plans to apply the pronouncements that are effective for the financial year beginning 1 January 2021 which are applicable to the Society in the respective financial years when they become effective.

The initial application of the abovementioned pronouncements is 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) Significant accounting estimates and judgements

The preparation of financial statements in conformity with MFRSs requires the use of certain critical accounting estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and contingent liabilities at the date of the financial statements, and the reported amounts of income and expenditure during the reported period. It also requires Committee Members to exercise their judgement in the process of applying the Society’s accounting policies. Although these estimates and judgement are based on the Committee Members’ best knowledge of current events and actions, actual results may differ.

In the Committee Members’ opinion, there are no critical accounting estimates and assumptions to be made.

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

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.
- (iv) Income from interest is recognised on accrual basis.

(b) 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 items.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the 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.

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

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

The carrying values of property, plant and equipment are reviewed for impairment when events or changes in circumstances indicate that the carrying value may not be recoverable.

Residual values, useful life and depreciation method of assets are reviewed at each financial year end to ensure that the amount, method and period of depreciation are consistent with previous estimates and the expected pattern of consumption of the future economic benefits embodied in the items of property, plant and equipment.

Gains and losses on disposals are determined by comparing net disposal proceeds with net carrying amount and are recognised in the statement of income and expenditure.

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

3. SIGNIFICANT ACCOUNTING POLICIES – (Continued)

(c) Impairment of non-financial assets

The carrying amounts of assets, other than inventories, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated to determine the amount of impairment loss.

An impairment loss is recognised for the amount by which the carrying amount of the asset exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less cost to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there is separately identifiable cash flows (cash-generating units). Non-financial assets that suffered impairment are reviewed for possible reversal of the impairment at each reporting date.

An impairment loss is charged to the statement of income and expenditure immediately, unless the asset is carried at revalued amount. Any impairment loss of a revalued asset is treated as a revaluation decrease to the extent of previously recognised revaluation surplus for the same asset.

Any subsequent increase in the recoverable amount of an asset is treated as reversal of the previous impairment loss and is recognised to the extent of the carrying amount of the asset that would have been determined (net of amortisation and depreciation) had no impairment loss been recognised. The reversal is recognised in the statement of income and expenditure immediately, unless the asset is carried at revalued amount. A reversal of an impairment loss on a revalued asset is credited directly to revaluation surplus. However, to the extent that an impairment loss on the same revalued asset was previously recognised as an expense in the statement of income and expenditure, a reversal of that impairment loss is recognised as income in the statement of income and expenditure.

(d) Financial assets

Financial assets are recognised in the statement of financial position when, and only when, the Society becomes a party to the contractual provisions of the financial instrument.

When financial assets (unless they are trade receivables without significant financing component) are recognised initially, they are measured at fair value, plus or minus, in the case of a financial assets not at fair value through profit or loss, directly attributable transaction costs. Trade receivables without a financing component are initially measured at the transaction price.

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

3. SIGNIFICANT ACCOUNTING POLICIES – (Continued)

(d) Financial assets – (Continued)

Financial assets with embedded derivatives are considered in their entirety when determining whether their cash flows are solely for payment of principal and interest (“SPPI”).

The Society determines the classification of its financial assets at initial recognition and are not reclassified subsequent to its initial recognition unless the Society changes its business model for managing financial assets in which case all affected financial assets are reclassified on the first day of the first reporting period following the change of the business model. The categories of financial assets include amortised cost.

Amortised cost

The Society’s financial assets included other receivables, fixed deposits, cash and bank balances.

Financial assets that are held for collection of contractual cash flows where those cash flows represent SPPI are measured at amortised cost. Interest income from these financial assets is included in interest income using the effective interest rate method. Gains and losses are recognised in statement of income and expenditure when the loans and receivables are derecognised or impaired, and through the amortisation process.

A financial asset is derecognised when the contractual right to receive cash flows from the asset has expired or transferred, or control of the asset is not retained or substantially all of the risks and rewards of ownership of the financial asset are transferred 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 (including any new asset obtained less any new liability assumed) and any cumulative gain or loss that had been recognised in other comprehensive income is recognised in statement of income and expenditure.

All financials assets are subject to review for impairment as disclosed in Note 3(e) below.

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

3. SIGNIFICANT ACCOUNTING POLICIES – (Continued)

(e) Impairment of financial assets

The Society assesses on a forward looking basis the expected credit loss (“ECL”) associated with its financial assets carried at amortised cost. ECL represents a probability-weighted estimate of the credit losses.

The impairment methodology applied depends on whether there has been a significant increase in credit risk. When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating expected credit loss, the Society considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on historical experience and informed credit assessment and including forward looking information, where available.

For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default. Lifetime expected credit losses are the expected credit losses that result from all possible default events over the expected life of the asset. An impairment loss is recognised in statement of income and expenditure and the carrying amount of the asset is reduced through the use of an allowance account.

At each reporting date, the Society assesses whether financial assets are credit-impaired.

The gross carrying amount of a financial asset is written off (either partially or full) to the extent that there is no realistic prospect of recovery. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the procedures for recovery of amounts due.

(f) 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.

Cash and cash equivalents are categorised and measured as amortised cost in accordance with policy Note 3(d).

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NOTES TO THE FINANCIAL STATEMENTS – (Continued)

3. SIGNIFICANT ACCOUNTING POLICIES – (Continued)

(g) Financial liabilities

Financial liabilities are classified according to the substance of the contractual arrangements entered into and the definitions of a financial liability.

Financial liabilities are recognised in the statement of financial position when, and only when, the Society becomes a party to the contractual provisions of the financial instrument. Financial liabilities are classified as other financial liabilities, which is known as amortised cost.

Amortised cost

The Society's other financial liabilities included accruals.

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

For other financial liabilities, gains and losses are recognised in statement of income and expenditure when the liabilities are derecognised, and through amortisation process.

A financial liability is derecognised when the obligation under the liability is extinguished.

(h) 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 reporting date.

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 taxable profit will be available against which the deductible temporary differences or unabsorbed tax losses can be utilised.

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NOTES TO THE FINANCIAL STATEMENTS – (Continued)

3. SIGNIFICANT ACCOUNTING POLICIES – (Continued)

(h) Income tax and deferred tax – (Continued)

Deferred tax is determined using tax rates (and tax laws) that have been enacted or substantively enacted by the reporting date and are expected to apply when the related deferred tax asset is realised or the deferred tax liability is settled.

(i) Provisions

A provision is recognised when it is probable that an outflow of resources embodying economic benefits will be required to settle a present obligation (legal or constructive) as a result of a past event and a reliable estimate can be made of the amount. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognised as finance cost.

(j) Employee benefits

(i) Short term employee benefits

Wages, salaries, social security contributions, paid annual leave, paid sick leave, bonuses and non-monetary benefits 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 is 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 is recognised when the absences occur.

Bonuses are recognised as an expense when there is a present, legal or constructive obligation to make such payments, as a result of past events and when a reliable estimate can be made of the amount of the obligation.

(ii) Defined contribution plan

The Society's contributions to a defined contribution plan are charged to statement of income and expenditure in the period to which they relate. Once the contributions have been paid, the Society has no further payment obligations.

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NOTES TO THE FINANCIAL STATEMENTS – (Continued)

3. SIGNIFICANT ACCOUNTING POLICIES – (Continued)

(k) Contingencies

A contingent liability or contingent 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 contingent assets are not recognised in the statement of financial position of the Society.

(l) Fair value measurement

(i) Financial assets and liabilities

The fair values of current financial assets and liabilities carried at amortised cost approximate their carrying amounts.

(ii) Non-financial assets

For non-financial asset, the fair value measurement takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

4. 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(6) of the Income Tax Act, 1967 as a tax-exempt entity effectively from the year of assessment 2020 to the year of assessment 2024. 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(1)(a) Schedule 6 of the Income Tax Act, 1967.

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NOTES TO THE FINANCIAL STATEMENTS – (Continued)

5. PROPERTY, PLANT AND EQUIPMENT

2020 Cost	Computer RM	Donation boxes RM	Electrical works RM	Furniture and fittings RM	Kitchen appliances RM	Motor vehicle RM	Office equipment RM	Security control equipment RM	Total RM
Balance at 1.1.2020	30,170	2,510	20,756	78,845	-	464,086	131,422	-	727,789
Additions	16,446	-	3,680	17,903	6,645	-	23,005	3,000	70,679
Balance at 31.12.2020	46,616	2,510	24,436	96,748	6,645	464,086	154,427	3,000	798,468
<u>Accumulated depreciation</u>									
Balance at 1.1.2020	29,288	2,253	20,756	71,751	-	267,345	123,943	-	515,336
Charge for the financial year	4,994	257	736	8,230	1,329	84,668	8,991	600	109,805
Balance at 31.12.2020	34,282	2,510	21,492	79,981	1,329	352,013	132,934	600	625,141
<u>Net carrying amount</u>									
At 31.12.2020	12,334	-	2,944	16,767	5,316	112,073	21,493	2,400	173,327

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5. PROPERTY, PLANT AND EQUIPMENT – (Continued)

2019 Cost	Computer RM	Donation boxes RM	Electrical works RM	Furniture and fittings RM	Motor vehicle RM	Office equipment RM	Total RM
Balance at 1.1.2019	30,170	2,510	20,756	77,569	374,086	131,422	636,513
Additions	-	-	-	1,276	90,000	-	91,276
Balance at 31.12.2019	30,170	2,510	20,756	78,845	464,086	131,422	727,789
<u>Accumulated depreciation</u>							
Balance at 1.1.2019	29,120	2,228	20,756	71,049	218,160	123,203	464,516
Charge for the financial year	168	25	-	702	49,185	740	50,820
Balance at 31.12.2019	29,288	2,253	20,756	71,751	267,345	123,943	515,336
<u>Net carrying amount</u>							
At 31.12.2019	882	257	-	7,094	196,741	7,479	212,453

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6. OTHER RECEIVABLES

	2020 RM	2019 RM
Advances and prepayments	129,000	6,000
Deposits	<u>35,455</u>	<u>33,955</u>
	<u>164,455</u>	<u>39,955</u>

Included in advances and prepayments is an amount of RM120,000 advance disbursement to construct a 27ft. long box to be amounted on self-supplied truck.

7. FIXED DEPOSITS WITH LICENSED FINANCIAL INSTITUTIONS

The Society's fixed deposits have a maturity period ranging from 9 months to 12 months (2019 : 12 months) and earn weighted average effective interest rate of 2.29% (2019 : 4.05%) per annum at the reporting date.

8. FINANCIAL INSTRUMENTS

The table below provides an analysis of financial instruments under amortised cost as at 31 December 2020 categorised under MFRS.

	2020 RM	2019 RM
Financial assets		
Other receivables	164,455	39,955
Fixed deposit with a licensed financial institution	2,576,255	1,130,771
Cash and bank balances	<u>1,405,486</u>	<u>466,603</u>
	<u>4,146,196</u>	<u>1,637,329</u>
Financial liability		
Accruals	<u>5,000</u>	<u>8,750</u>

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9. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Society's operations are subject to the following risks :-

(a) Liquidity risk

Liquidity risk is the risk that the Society will encounter difficulty in meeting financial obligations due to shortage of funds. The Society exposures to liquidity risk arises principally from its various payables.

The Society practices prudent liquidity risk management to minimise the mismatch of financial assets and liabilities 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 liabilities as at the end of the reporting period based on contractual undiscounted repayment obligations 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 2020</u>				
Accruals	5,000	-	-	5,000
<u>As at 31 December 2019</u>				
Accruals	8,750	-	-	8,750

(b) Fair value of financial instruments

The carrying amount of the financial assets and financial liabilities 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.

10. 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 regard the accumulated fund as capital of the Society.

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11. STANDARDS, AMENDMENTS TO MFRS AND IC INTERPRETATIONS ISSUED BUT NOT YET EFFECTIVE

At the date of authorisation of these financial statements, the Society has not adopted the MFRS, Amendments to MFRS and IC Interpretations that are effective for financial year beginning 1 January 2021.

The adoption of these MFRS, Amendments to MFRS and IC Interpretations are expected to have no significant impact to the financial statements of the Society upon their initial application.

12. AUTHORISATION FOR ISSUE OF FINANCIAL STATEMENTS

These financial statements have been authorised for issue by the Vice President and Treasurer on 26 April 2021.