

**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 2021**

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 2021

Contents	Page (s)
Society Information	1
Statement by the Vice President and Treasurer	2
Statutory Declaration	2
Independent Auditors' Report	3 – 5
Statement of Comprehensive Income	6 – 7
Statement of Financial Position	8
Statement of Changes in Equity	9
Statement of Cash Flows	10
Notes to the Financial Statements	11 – 23

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 Chew PLT (Formerly known as 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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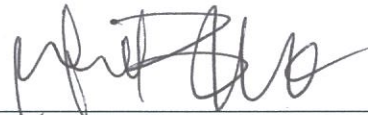
STATEMENT BY THE VICE PRESIDENT AND TREASURER

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 at 31 December 2021 and of its financial performance and its 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 2022  
Kuala Lumpur

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.

Subscribed and solemnly declared by the  
abovenamed OOI BENG KOOI  
at Kuala Lumpur in the Federal Territory  
on 26 APR 2022



Ooi Beng Kooi

Before me,

Commissioner for Oaths



Unit C-6-1, Megan Avenue II  
No. 12, Jalan Yap Kwan Seng  
50450 Kuala Lumpur



(Registration No. 0926-08-SEL, Societies Act 1966)

**INDEPENDENT AUDITORS' REPORT  
TO THE MEMBERS OF PERSATUAN KECHARA SOUP KITCHEN MALAYSIA  
(KECHARA SOUP KITCHEN SOCIETY MALAYSIA)**

**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 2021, and the Statement of Comprehensive Income, Statement of Changes in Equity 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 23.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Society as at 31 December 2021, and of its financial performance and its cash flows for the financial year ended 31 December 2021 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.

**Responsibilities of the Committee Members 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.

In preparing the financial statements of the Society, the Committee Members are responsible for assessing the Society's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Committee Members either intend to liquidate the Society or to cease operations, or have no realistic alternative but to do so.



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INDEPENDENT AUDITORS' REPORT  
TO THE MEMBERS OF PERSATUAN KECHARA SOUP KITCHEN MALAYSIA  
(KECHARA SOUP KITCHEN SOCIETY MALAYSIA) – (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.
- 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.

(Registration No. 0926-08-SEL, Societies Act 1966)

INDEPENDENT AUDITORS' REPORT  
TO THE MEMBERS OF PERSATUAN KECHARA SOUP KITCHEN MALAYSIA  
(KECHARA SOUP KITCHEN SOCIETY MALAYSIA) – (Continued)

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 CHEW PLT  
201906002362 & AF 0276  
Chartered Accountants



LER JI-YONG  
03439/05/2023 J  
Chartered Accountant

Dated : 26 April 2022  
Kuala Lumpur

PERSATUAN KECHARA SOUP KITCHEN MALAYSIA  
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STATEMENT OF COMPREHENSIVE INCOME  
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

	Note	2021 RM	2020 RM
INCOME			
Donation income	3	4,245,760	3,822,301
Fixed deposits interest income	4	63,173	45,485
		<u>4,308,933</u>	<u>3,867,786</u>
LESS : EXPENDITURE			
Accounting fee		6,000	2,000
Advertisement		381	929
Attestation fee		98	49
Auditors' remuneration :-			
– current financial year		3,000	3,000
– under-provision in previous financial year		-	400
Bank charges		2,175	1,644
Cleaning charges		7,162	2,941
Depreciation		119,999	109,805
Electricity charges		27,839	27,958
Food distribution		334,215	168,051
Gifts and medical supplies to beneficiaries		82,113	14,225
License fees		3,076	485
Medical fee and welfare for beneficiaries		17,882	18,427
Miscellaneous expenses		10,565	25,248
Penalty		334	-
Postage and courier		6,602	1,812
Printing and stationery		5,128	12,160
Printing of T-shirt		31,530	8,330
Professional fees		16,923	13,155
Quit rent		4,323	4,323
Refreshments for volunteers and sponsors		11,944	408
Rental of premises		144,140	104,213
Rental of equipment for food distribution		1,550	-
Rental of office equipment		6,903	2,300
Road tax and insurance		28,529	27,429
Sewerage charges		645	918
SST charges		1,333	418
Staff cost :-			
– EIS contribution		1,149	804
– EPF contribution		79,523	56,280
– Salaries and wages		728,682	544,004
– Staff ang pau		13,000	7,000
– Staff medical fee		6,784	2,468
– Staff reward		19,582	5,639
– SOCSO contribution		10,257	7,236
		<u>1,733,366</u>	<u>1,174,059</u>
Balance carried forward		1,733,366	1,174,059



PERSATUAN KECHARA SOUP KITCHEN MALAYSIA  
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STATEMENT OF COMPREHENSIVE INCOME  
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021 – (Continued)

	Note	2021 RM	2020 RM
LESS : EXPENDITURE – (Continued)			
Balance brought forward		1,733,366	1,174,059
Telecommunication charges		5,448	5,214
Telephone, fax and internet		15,545	11,208
Travelling and accommodation		18,874	1,323
Training cost for beneficiaries		22,116	26,993
Transportation expenses		59,444	51,648
Upkeep and maintenance of premises		15,987	24,056
Upkeep of kitchen		4,153	9,664
Upkeep of motor vehicle		29,416	25,059
Water charges		1,800	4,581
Website services		60,663	60,490
		<u>1,966,812</u>	<u>1,394,295</u>
SURPLUS BEFORE TAXATION		2,342,121	2,473,491
LESS : INCOME TAX EXPENSE	5	-	-
SURPLUS FOR THE FINANCIAL YEAR, REPRESENTING COMPREHENSIVE INCOME FOR THE FINANCIAL YEAR		<u><u>2,342,121</u></u>	<u><u>2,473,491</u></u>

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

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

STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2021

	Note	2021 RM	2020 RM
ASSETS			
NON-CURRENT ASSET			
Property, plant and equipment	6	<u>338,052</u>	<u>173,327</u>
CURRENT ASSETS			
Other receivables	7	169,205	164,455
Fixed deposits with licensed financial institutions	8	4,397,428	2,576,255
Cash and bank balances		<u>1,760,955</u>	<u>1,405,486</u>
		<u>6,327,588</u>	<u>4,146,196</u>
TOTAL ASSETS		<u>6,665,640</u>	<u>4,319,523</u>
EQUITY AND LIABILITIES			
Equity attributable to owners			
Accumulated fund		6,656,644	4,314,523
CURRENT LIABILITY			
Accruals		<u>8,996</u>	<u>5,000</u>
TOTAL EQUITY AND LIABILITIES		<u>6,665,640</u>	<u>4,319,523</u>

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

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(Registration No. 0926-08-SEL, Societies Act 1966)

STATEMENT OF CHANGES IN EQUITY  
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

	Accumulated Fund RM	Total RM
Balance at 1 January 2020	1,841,032	1,841,032
Surplus for the financial year, representing total comprehensive income for the financial year	<u>2,473,491</u>	<u>2,473,491</u>
Balance at 31 December 2020	4,314,523	4,314,523
Surplus for the financial year, representing total comprehensive income for the financial year	<u>2,342,121</u>	<u>2,342,121</u>
Balance at 31 December 2021	<u><u>6,656,644</u></u>	<u><u>6,656,644</u></u>

The accompanying accounting policies and explanatory notes form an integral part of the 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 2021

	2021 RM	2020 RM
Cash flows from operating activities		
Surplus before taxation	2,342,121	2,473,491
Adjustments for :-		
Depreciation	119,999	109,805
Interest income	(63,173)	(45,485)
Operating surplus before changes in working capital	<u>2,398,947</u>	<u>2,537,811</u>
Changes in working capital :-		
Receivables	(4,750)	(124,500)
Payables	3,996	(3,750)
Cash generated from operations	<u>2,398,193</u>	<u>2,409,561</u>
Interest income	<u>63,173</u>	<u>45,485</u>
Net cash from operating activities	<u>2,461,366</u>	<u>2,455,046</u>
Cash flows from investing activity		
Purchase of property, plant and equipment (Note 6)	<u>(284,724)</u>	<u>(70,679)</u>
Net cash used in investing activity	<u>(284,724)</u>	<u>(70,679)</u>
Cash flows from financing activity	<u>-</u>	<u>-</u>
Net changes in cash and cash equivalents	2,176,642	2,384,367
Cash and cash equivalents brought forward	<u>3,981,741</u>	<u>1,597,374</u>
Cash and cash equivalents carried forward	<u><u>6,158,383</u></u>	<u><u>3,981,741</u></u>
Cash and cash equivalents comprise :-		
Cash and bank balances	1,760,955	1,405,486
Fixed deposits with licensed financial institutions (Note 8)	<u>4,397,428</u>	<u>2,576,255</u>
	<u><u>6,158,383</u></u>	<u><u>3,981,741</u></u>

The accompanying accounting policies and explanatory notes form an integral part of the 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.

2. SIGNIFICANT ACCOUNTING POLICIES

- (a) Basis of preparation

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.

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

NOTES TO THE FINANCIAL STATEMENTS – (Continued)

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 liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reported period. It also requires the Committee Members to exercise their judgements in the process of applying Society's accounting policies. Although these estimates and judgements 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.

The financial statements have been prepared under the historical cost basis except as disclosed in the accounting policies below.

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

(b) Change in accounting policies

The accounting policies adopted are consistent with those of the previous financial year except for the adoption of the amendments to MFRSs and IC Interpretations ("IC Int") that are applicable to the Society for the financial year beginning 1 January 2021.

The adoption of these amendments to MFRSs and IC Int does not have any significant financial impact to the Society.

(c) Standards issued but not yet effective

At the date of authorisation of these financial statements, the Society has not adopted the MFRSs, amendments to MFRSs and IC Interpretations that are effective for financial year beginning 1 January 2022.

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

(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 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 Comprehensive Income during the financial year in which they are incurred.



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

NOTES TO THE FINANCIAL STATEMENTS – (Continued)

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

Computer	25%
Donation boxes	10%
Electrical works	20%
Furniture fittings and signboard	20%
Kitchen appliances	20%
Motor vehicles	20%
Renovation	10%
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 Comprehensive Income.

(e) 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 Comprehensive Income 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 Comprehensive Income 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 Comprehensive Income, a reversal of that impairment loss is recognised as income in the Statement of Comprehensive Income.

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

(f) Financial assets

(i) Initial recognition and measurement

Financial assets are classified, at initial recognition, and subsequently measured at amortised cost, fair value through other comprehensive income ("FVOCI"), or fair value through profit or loss ("FVTPL").

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Society's business model for managing them. With the exception of trade receivables that do not contain a significant financing component or for which the Society has applied the practical expedient, the association initially measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs.

In order for a financial asset to be classified and measured at amortised cost or FVOCI, it needs to give rise to cash flows that are solely payments of principal and interest ("SPPI") on the principal amount outstanding. This assessment is referred as the SPPI test and is performed at an instrument level.

The Society's operation model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The operation model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both.

Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognised on the trade date, i.e., the date that the Society commits to purchase or sell the asset.

(ii) Subsequent measurement

For purposes of subsequent measurement, financial assets are classified in four categories:-

- Financial assets at amortised cost (debt instruments);
- Financial assets at fair value through OCI with recycling of cumulative gains and losses (debt instruments);
- Financial assets designated at fair value through OCI with no recycling of cumulative gains and losses upon derecognition (equity instruments); and
- Financial assets at fair value through profit or loss.



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

(a) Financial assets at amortised cost (debt instruments)

This category is the most relevant to the Society. The Society measures financial assets at amortised cost if both of the following conditions are met :-

- The financial asset is held within a business model with the objective to hold financial assets in order to collect contractual cash flows; and
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets at amortised cost are subsequently measured using the effective interest rate ("EIR") method and are subject to impairment. Gains and losses are recognised in the Statement of Comprehensive Income when the asset is derecognised, modified or impaired.

The Society's financial assets at amortised cost include other receivables and cash and cash equivalents.

(g) Impairment of financial assets

The Society recognises an allowance for expected credit losses ("ECLs") for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Society expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

ECLs are recognised in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12-months ("a 12-month ECL"). 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 ("a lifetime ECL").

(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.

Cash and cash equivalents are categorised and measured as amortised cost in accordance with policy Note 2(f).

(i) Income tax and deferred tax

Income tax on 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 at the end of the reporting period.

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NOTES TO THE FINANCIAL STATEMENTS – (Continued)

Deferred tax assets are recognised for all deductible temporary differences, carry forward of unused tax credits and unused tax losses, to the extent that it is probable that future taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised.

Unrecognised deferred tax assets are reassessed at the end of each reporting period and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax assets to be utilised.

Deferred tax is measured at the tax rates that are expected to apply in the period when the asset is realised or the liability is settled, based on tax rates that have been enacted or substantively enacted at the end of the reporting period. Deferred tax is recognised as income or expense and included in the Statement of Comprehensive Income for the financial year, except when it arises from a transaction which is recognised directly in equity, in which case the deferred tax is also recognised directly in equity.

Deferred tax assets and liabilities are offset, if legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

(j) Financial liabilities

(i) Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss or at amortised cost, as appropriate. The Society's financial liabilities include other payables.

(ii) Subsequent measurement

Financial liabilities at amortised cost

This is the category most relevant to the Society. After initial recognition, all financial liabilities are subsequently measured at amortised cost using the EIR method. Gains and losses are recognised in the Statement of Comprehensive Income when the liabilities are derecognised as well as through the EIR amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance costs in the Statement of Comprehensive Income.

(iii) Derecognition

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the Statement of Comprehensive Income.



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

NOTES TO THE FINANCIAL STATEMENTS – (Continued)

(k) Offsetting financial instruments

Financial assets and liabilities are offset and the net amount presented in the Statement of Financial Position when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis, or realise the asset and settle the liability simultaneously. The legally enforceable right must not be contingent on future events and must be enforceable in the normal course of business and in the event of default, insolvency or bankruptcy.

(l) Income recognition and measurements

Income is recognised to the extent that it is probable that the economic benefits will flow to the Society and the income can be reliably measured. The specific recognition criteria for income are as follows :-

- (i) Members' fees is recognised upon approval by Committee Members.
- (ii) Contribution from events and sales recognised on receipt basis.
- (iii) Donation is recognised on receipt basis.
- (iv) Interest income is recognised on receivable basis.

(m) 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 Comprehensive Income in the period to which they relate. Once the contributions have been paid, the Society has no further payment obligations.

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

NOTES TO THE FINANCIAL STATEMENTS – (Continued)

(n) 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.

(o) 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.

3. DONATION INCOME

Donation income is donation received from the donors during the current financial year.

4. FIXED DEPOSITS INTEREST INCOME

Fixed deposits interest income relates to interest earned from Society's fixed deposits account.

5. INCOME TAX EXPENSE

There is no income 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.



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

NOTES TO THE FINANCIAL STATEMENTS – (Continued)

6. PROPERTY, PLANT AND EQUIPMENT

2021	Computer RM	Donation boxes RM	Electrical works RM	Furniture, fittings and signboard RM	Kitchen appliances RM	Motor vehicles RM	Office equipment RM	Renovation RM	Security control equipment RM	Total RM
<u>Cost</u>										
At 1.1.2021	46,616	2,510	24,436	96,748	6,645	464,086	154,427	-	3,000	798,468
Additions	3,593	-	980	12,513	17,589	181,321	44,669	20,600	3,459	284,724
At 31.12.2021	50,209	2,510	25,416	109,261	24,234	645,407	199,096	20,600	6,459	1,083,192
<u>Accumulated depreciation</u>										
At 1.1.2021	34,282	2,510	21,492	79,981	1,329	352,013	132,934	-	600	625,141
Charge for the financial year	5,010	-	932	7,265	4,847	83,300	15,293	2,060	1,292	119,999
At 31.12.2021	39,292	2,510	22,424	87,246	6,176	435,313	148,227	2,060	1,892	745,140
<u>Net carrying amount</u>										
At 31.12.2021	10,917	-	2,992	22,015	18,058	210,094	50,869	18,540	4,567	338,052

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

NOTES TO THE FINANCIAL STATEMENTS – (Continued)

2020	Computer RM	Donation boxes RM	Electrical works RM	Furniture and fittings RM	Kitchen appliances RM	Motor vehicles RM	Office equipment RM	Security control equipment RM	Total RM
<u>Cost</u>									
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
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>									
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
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

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

NOTES TO THE FINANCIAL STATEMENTS – (Continued)

7. OTHER RECEIVABLES

	2021 RM	2020 RM
Advances and prepayments	129,000	129,000
Deposits	<u>40,205</u>	<u>35,455</u>
	<u>169,205</u>	<u>164,455</u>

Included in advances and prepayments is an amount of RM120,000 (2020: RM120,000) advance disbursement to construct a 27ft. long box to be mounted on self-supplied truck. As at reporting date, the installation is still in process.

8. FIXED DEPOSITS WITH LICENSED FINANCIAL INSTITUTIONS

The Society's fixed deposits have a maturity period ranging from 3 months to 12 months (2020: 9 months to 12 months) and earn weighted average effective interest rate of 1.89% (2020: 2.29%) per annum at the reporting date.

9. 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

	2021 RM	2020 RM
Financial assets measured at amortised cost :-		
Other receivables	169,205	164,455
Fixed deposits with licensed financial institutions	4,397,428	2,576,255
Cash and bank balances	<u>1,760,955</u>	<u>1,405,486</u>
	<u>6,327,588</u>	<u>4,146,196</u>
Financial liability measured at amortised cost :-		
Accruals	<u>8,996</u>	<u>5,000</u>

(b) Fair value measurement

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.



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

NOTES TO THE FINANCIAL STATEMENTS – (Continued)

10. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Society's financial risk management objectives and policies seek to ensure that adequate financial resources are available for the smooth implementation of its operations.

(a) 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 liabilities and to maintain sufficient levels of cash and cash equivalents to meet its requirements of working capital.

The table below summarises the maturity profile of the Society's liabilities at the reporting date based on contractual undiscounted repayment obligations.

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	Total RM
2021 Accruals	8,996	8,996
2020 Accruals	5,000	5,000

(b) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of the Society's financial instruments will fluctuate because of changes in market interest rates. The Society's exposure to interest rate risk arises primarily from fixed deposit with a licensed financial institution.

The Society's policy is to obtain the most favourable interest rates available.

As the influence of interest rate changes on the profit or loss is insignificant, no sensitivity analysis has been conducted.

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

NOTES TO THE FINANCIAL STATEMENTS – (Continued)

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 Members regard the accumulated fund as capital of the Society.

12. AUTHORISATION FOR ISSUE OF FINANCIAL STATEMENTS

These financial statements have been authorised for issue by the Vice President and Treasurer on 26 April 2022.