

**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 2023**

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 Low Teck Heng Hue Ngoi Leng Tan Kuan Ming Chua Oui Lam Choo Sook Fun
Auditors	:	HLB Ler Lum Chew 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

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REPORTS AND FINANCIAL STATEMENTS  
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

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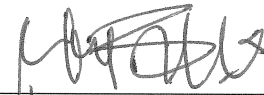
STATEMENT BY THE VICE PRESIDENT AND TREASURER

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 2023 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 : 03 APR 2024

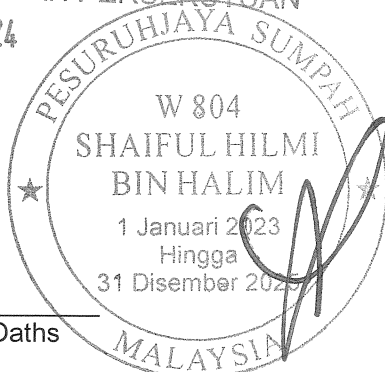
STATUTORY DECLARATION

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  
WILAYAH PERSEKUTUAN  
on 03 APR 2024

Before me,



Commissioner for Oaths



OOI BENG KOOI  
Treasurer



(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 2023 of the Society, and the statement of income and expenditure, statement of changes in equity and statement of cash flows of the Society for the financial year then ended, and notes to the financial statements, including a summary of material accounting policies, as set out on pages 5 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 2023, 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, 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.

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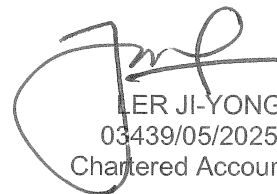
**INDEPENDENT AUDITORS' REPORT  
TO THE MEMBERS OF PERSATUAN KECHARA SOUP KITCHEN MALAYSIA  
(KECHARA SOUP KITCHEN SOCIETY MALAYSIA) (CONTINUED)**

**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  
03439/05/2025 J  
Chartered Accountant

Dated : **03 APR 2024**  
Kuala Lumpur

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

STATEMENT OF INCOME AND EXPENDITURE  
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

	Note	2023 RM	2022 RM
<b>INCOME</b>			
Gain on disposal of property, plant and equipment		30,000	-
Donation income	4	3,124,485	2,941,548
Fixed deposits interest income	5	184,590	77,597
Other income		527	-
		<u>3,339,602</u>	<u>3,019,145</u>
<b>LESS : EXPENDITURE</b>			
Accounting fee		6,000	6,000
Advertisement		5,122	1,672
Amortisation of right-of-use assets		135,609	-
Auditors' remuneration		3,300	3,000
Bank charges		2,092	1,897
Cleaning charges		25,610	14,373
Condolence		2,021	-
Depreciation of property, plant and equipment		208,493	153,173
Electricity charges		42,732	41,533
Event cost		11,893	-
Food distribution		492,805	424,229
Gifts and medical supplies to beneficiaries		253,479	22,796
Lease interest		6,742	-
License fees		828	5,247
Loss on foreign exchange		-	1
Medical equipment		-	638
Medical fee and welfare for beneficiaries		27,995	5,876
Miscellaneous expenses		3,790	14,243
Newspaper and periodicals		-	248
Penalty		-	500
Petrol and diesel		66,811	-
Postage and courier		3,070	4,699
Printing and stationery		22,994	12,869
Printing of t-shirt		9,135	4,550
Professional fees		17,837	21,155
Quit rent		4,323	4,396
Refreshments for volunteers and sponsors		8,963	18,870
Rental of booth and premises		200	156,633
Rental of equipment for food distribution		900	-
Rental of office equipment		13,065	5,408
Road tax and insurance		47,206	50,714
Sewerage charges		960	1,606
Service tax charges		-	110
		<u>1,423,975</u>	<u>976,436</u>
Balance carried forward			

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STATEMENT OF INCOME AND EXPENDITURE  
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023 – (CONTINUED)

	Note	2023 RM	2022 RM
LESS : EXPENDITURE – (CONTINUED)			
Balance brought forward		1,423,975	976,436
Staff cost :-			
– EIS contribution		1,700	1,376
– EPF contribution		114,463	95,946
– Salaries, wages and bonus		941,963	835,653
– Staff ang pow		11,000	2,900
– Staff medical fee		6,302	11,005
– Staff reward		7,295	6,000
– SOCSO contribution		15,088	12,328
Telecommunication charges		15,137	9,512
Telephone, fax and internet		20,561	21,623
Travelling and accommodation		82,021	18,123
Training cost for beneficiaries		108,099	123,287
Transportation expenses		35,087	87,329
Upkeep and maintenance of premises		37,341	46,649
Upkeep of kitchen		5,146	8,910
Upkeep of motor vehicle		42,035	45,804
Water charges		4,496	3,196
Website services		54,120	50,180
		<u>2,925,829</u>	<u>2,356,257</u>
SURPLUS OF INCOME OVER EXPENDITURE BEFORE TAX		413,773	662,888
LESS : INCOME TAX EXPENSE	6	-	-
SURPLUS OF INCOME OVER EXPENDITURE FOR THE FINANCIAL YEAR		<u>413,773</u>	<u>662,888</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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STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2023

	Note	2023 RM	2022 RM
<b>ASSETS</b>			
<b>NON-CURRENT ASSETS</b>			
Property, plant and equipment	7	523,743	356,339
Right-of-use assets	8	<u>232,401</u>	<u>-</u>
		<u>756,144</u>	<u>356,339</u>
<b>CURRENT ASSETS</b>			
Other receivables	9	174,973	71,289
Fixed deposits with licensed financial institutions	10	5,959,904	2,646,935
Cash and bank balances		<u>1,089,151</u>	<u>4,252,739</u>
		<u>7,224,028</u>	<u>6,970,963</u>
<b>TOTAL ASSETS</b>		<u><u>7,980,172</u></u>	<u><u>7,327,302</u></u>
<b>EQUITY AND LIABILITIES</b>			
<b>EQUITY</b>			
Equity attributable to owners			
Accumulated fund		<u>7,728,126</u>	<u>7,319,532</u>
<b>NON-CURRENT LIABILITY</b>			
Lease liabilities	11	<u>115,779</u>	<u>-</u>
<b>CURRENT LIABILITIES</b>			
Other payables	12	16,915	7,770
Lease liabilities	11	<u>119,352</u>	<u>-</u>
		<u>136,267</u>	<u>7,770</u>
<b>TOTAL LIABILITIES</b>		252,046	7,770
<b>TOTAL EQUITY AND LIABILITIES</b>		<u><u>7,980,172</u></u>	<u><u>7,327,302</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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STATEMENT OF CHANGES IN EQUITY  
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

	Accumulated Fund RM	Total RM
Balance at 1 January 2022	6,656,644	6,656,644
Surplus of income over expenditure for the financial year	<u>662,888</u>	<u>662,888</u>
Balance at 31 December 2022	7,319,532	7,319,532
Effect of adoption MFRS 16	<u>(5,179)</u>	<u>(5,179)</u>
As adjusted	7,314,353	7,314,353
Surplus of income over expenditure for the financial year	<u>413,773</u>	<u>413,773</u>
Balance at 31 December 2023	<u><u>7,728,126</u></u>	<u><u>7,728,126</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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STATEMENT OF CASH FLOWS  
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

	Note	2023 RM	2022 RM
Cash flows from operating activities			
Surplus of income over expenditure before tax		413,773	662,888
Adjustments for :-			
Amortisation of right-of-use assets		135,609	-
Depreciation of property, plant and equipment		208,493	153,173
Gain on disposal of property, plant and equipment		(30,000)	-
Interest expenses		6,742	-
Interest income		(184,590)	(77,597)
Operating surplus before changes in working capital		<u>550,027</u>	<u>738,464</u>
Changes in working capital :-			
Receivables		(103,684)	97,916
Payables		9,145	(1,226)
Cash generated from operations		<u>455,488</u>	<u>835,154</u>
Interest income		<u>184,590</u>	<u>77,597</u>
Net cash from operating activities		<u>640,078</u>	<u>912,751</u>
Cash flows from investing activities			
Purchase of property, plant and equipment	(b)	(375,897)	(171,460)
Proceeds from disposal of property, plant and equipment		<u>30,000</u>	<u>-</u>
Net cash used in investing activities		<u>(345,897)</u>	<u>(171,460)</u>
Cash flows from financing activity			
Repayment of lease liabilities	(c)	<u>(144,800)</u>	<u>-</u>
Net cash used in financing activity		<u>(144,800)</u>	<u>-</u>
Net changes in cash and cash equivalents		149,381	741,291
Cash and cash equivalents brought forward		<u>6,899,674</u>	<u>6,158,383</u>
Cash and cash equivalents carried forward	(a)	<u><u>7,049,055</u></u>	<u><u>6,899,674</u></u>



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STATEMENT OF CASH FLOWS  
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023 – (CONTINUED)

	2023 RM	2022 RM
NOTES TO STATEMENT OF CASH FLOWS		
(a) Cash and cash equivalents comprise :-		
Cash and bank balances	1,089,151	4,252,739
Fixed deposits with licensed financial institutions	5,959,904	2,646,935
	<u>7,049,055</u>	<u>6,899,674</u>
(b) Purchase of property, plant and equipment by way of cash.		
(c) Reconciliation of lease liabilities arising from financing activity :-		
At beginning of the financial year	-	-
Effects of adoption MFRS 16	373,189	-
As adjusted	<u>373,189</u>	<u>-</u>
<u>Cash flows</u>		
Repayment of lease liabilities	(144,800)	-
<u>Non-cash changes</u>		
Interest expense on lease liabilities	6,742	-
At end of the financial year	<u>235,131</u>	<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
- (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 Kuala Lumpur.

2. BASIS OF PREPARATION AND MATERIAL ACCOUNTING POLICIES

(a) Basis of preparation

The financial statements of the Society have been prepared under the historical cost basis except as disclosed in the accounting policies below and comply with Malaysian Financial Reporting Standards ("MFRSs"), International Financial Reporting Standards ("IFRSs") and the requirements of the Societies Act 1966 in Malaysia.

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 revenues and expenses during the reported period. It also requires the Committee Members to exercise their judgements in the process of applying the 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.

The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in Note 3 to the financial statements.

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

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

(b) Change in accounting policies

The Society has adopted MFRS 16 for the first time in the 2023 financial statements with the date of initial application ("DIA") of 1 January 2023 by applying the simplified retrospective method.

Under the simplified retrospective method, the 2022 comparative information was not restated and the insignificant cumulative effect of application of MFRS 16 where the Society is a lessee were recognised as an adjustment to the opening balance of Retained Earnings as at 1 January 2023. The comparative information continued to be reported under the previous accounting policies governed under MFRS 117 Leases.

As a result of the adoption of MFRS 16, the existing requirements for a lessee to distinguish between finance leases and operating leases under the MFRS 117 Leases are no longer required. MFRS 16 introduces a single accounting model, requiring the lessee to recognise the right-of-use of the underlying lease asset and the present value of future lease payments, discounted using the lessee's incremental borrowing rate, as of the DIA.

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 2023.

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 2024.

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 initially stated at cost less accumulated depreciation and accumulated impairment losses. Cost includes expenditure that is directly attributable to the acquisition of the items. Cost also includes borrowing costs incurred for property, plant and equipment under construction. The cost of certain property, plant and equipment include the costs of dismantling, removal and restoration, the obligation of which was incurred as a consequence of installing 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.

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NOTES TO THE FINANCIAL STATEMENTS – (CONTINUED)

Property, plant and equipment retired from active use and held for disposal are stated at the lower of net book value and net realisable value.

Depreciation on property, plant and equipment is calculated on the straight line basis at rates required to write off the cost of the property, plant and equipment over their estimated useful life. The principal annual rates of depreciation used are as follows :-

Computer and office equipment	20 – 25 %
Furniture fittings and signboard	20%
Motor vehicles	20%
Kitchen appliances	20%
Renovation and electrical works	10 – 20%
Other assets	10 – 20%

Residual value, 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.

(e) Leases

The Society has applied MFRS 16 Leases using the simplified retrospective approach, under these approach which the insignificant cumulative effects of initial application is recognised as an adjustment to the opening balance of Retained Profits as at 1 January 2023. Accordingly, the comparative information presented for 2022 have not been restated i.e., it is presented, as previously reported under MFRS 117 Leases and related interpretations.

Previous financial years :-

(i) Leased assets

A lease arrangement was accounted for as finance or operating lease in accordance with the accounting policy as stated below. When the fulfilment of an arrangement was dependent on the use of a specific asset and the arrangement conveys a right to use a asset, it was accounted for as a lease in accordance with the accounting policy below although the arrangement does not take the legal form of a lease.

A lease was recognised as a finance lease if it transfers substantially to the Society all the risks and rewards incidental to ownership. Upon initial recognition, the leased asset was measured at an amount equal to the lower of its fair value and the present value of the minimum lease payments. Subsequent to initial recognition, the asset was accounted for in accordance with the accounting policy applicable to that asset. The corresponding liability was included in the Statement of Financial Position as non-current lease liabilities and lease liabilities.

Minimum lease payments made under finance leases were apportioned between the finance costs and the reduction of the outstanding liability. Finance costs, which represent the difference between the total leasing commitments and the fair value of the assets acquired, were recognised in profit or loss and allocated over the lease term for each accounting period.

Contingent lease payments, if any, were accounted for by revising the minimum lease payments over the remaining term of the lease when the lease adjustment was confirmed.

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NOTES TO THE FINANCIAL STATEMENTS – (CONTINUED)

(ii) Operating lease

All leases that did not transfer substantially to the Society all the risks and rewards incidental to ownership were classified as operating leases, and the leased assets were not recognised on Statement of Financial Position.

Payments made under operating leases were recognised as an expense in the profit or loss on a straight line basis over the term of the lease. Lease incentives received were recognised as a reduction of rental expense over the lease term on a straight line basis.

Current financial year :-

A lease, as defined in MFRS 16: Leases, is a contract or part of a contract that conveys the right to control the use of an identified asset for a period of time in exchange for consideration. The Society assesses at inception of a contract whether a contract is, or contains, a lease in accordance to MFRS 16.

The Society as a lessee

The Society applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Society recognises lease liabilities to make lease payments.

(i) Right-of-use assets ("ROU assets")

The Society recognises ROU assets at the commencement date of the lease i.e. the date the underlying asset is available for use. ROU assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of ROU assets includes the amount of lease liabilities recognised, initial direct costs incurred, estimated cost to dismantle/restore the underlying asset, and lease payments made at or before the commencement date less any lease incentives received.

ROU assets are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful lives of the assets. In the case where the lease transfers the ownership of the underlying asset to the Society by the end of the lease term or if the cost of the ROU asset implies that the Society will exercise a purchase option, depreciation is calculated using the estimated useful life of the underlying asset. The depreciation periods are as follows:

Food store and office buildings	2 – 3 years
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(ii) Lease liabilities

At the commencement date of the lease, the Society recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Society, and payments of penalties for termination (if the lease term reflects the Society exercising the option to terminate the lease).

Variable lease payments that do not depend on an index or a rate are recognised as expenses (unless they are incurred to produce inventories) in the period in which the event or condition that triggers the payment occurs.

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In calculating the present value of lease payments, the Society uses its incremental borrowing rate at the lease commencement date if the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a reassessment (e.g. change in the lease term) or lease modification (e.g. change in scope of lease).

Short-term leases and leases of low-value assets

The Society applies the short-term lease recognition exemption to its short-term leases of asset (i.e. those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the lease of low-value assets recognition exemption to leases of office equipment that are considered to be low-value. Lease payments on short-term leases and leases of low-value assets are recognised as expense on a straight-line basis over the lease term.

Lease payments are allocated between principal and finance cost. The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

(f) 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.

Impairment losses on goodwill are not reversed. In respect of other assets, 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 profit or loss 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 profit or loss a reversal of that impairment loss is recognised as income in the profit or loss.

(g) 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").

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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.

(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 Income and Expenditure when the asset is derecognised, modified or impaired.

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

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(h) 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”).

(i) 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(g).

(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 and lease liabilities.

(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 Income and Expenditure 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 Income and Expenditure.

(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 Income and Expenditure.



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(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) Income tax

Income tax on surplus of income over expenditure 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.

(n) 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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3. CRITICAL ACCOUNTING ESTIMATES, ASSUMPTIONS AND JUDGEMENTS

Estimates and judgements are continually evaluated by the Committee Members and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The 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 are discussed below :-

- (a) Determination of the lease term of contracts with renewal and termination options as lessee

The Society determines the lease term as the non-cancellable term of the lease, together with any periods covered by option to extend the lease if it is reasonably certain to be exercised, or any periods covered by an option to terminate the lease, if it is reasonably not to be exercised.

The Society assesses, by applying significant judgement at lease commencement date, whether it is reasonably certain to exercise the extension options. The Society considers all facts and circumstances including their past practice and any cost that will be incurred to change the asset if an option to extend is not taken, to help them determine the lease term. After the commencement date, the Society reassesses the lease term if there is a significant event or change in circumstances that is within its control and affects its ability to exercise or not to exercise the option to renew or to terminate it.

4. DONATION INCOME

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

5. FIXED DEPOSITS INTEREST INCOME

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

6. 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.

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7. PROPERTY, PLANT AND EQUIPMENT

2023

	Computer and office equipment RM	Furniture, fittings and signboard RM	Motor vehicles RM	Kitchen appliances RM	Renovation and electrical works RM	Other assets * RM	Total RM
<u>Cost</u>							
At 1 January 2023	276,458	119,571	768,207	24,716	54,716	10,984	1,254,652
Additions	237,122	14,040	124,735	-	-	-	375,897
Disposal	-	-	(105,322)	-	-	-	(105,322)
At 31 December 2023	513,580	133,611	787,620	24,716	54,716	10,984	1,525,227
<u>Accumulated depreciation</u>							
At 1 January 2023	213,179	96,398	543,174	11,119	28,346	6,097	898,313
Charge for the financial year	83,014	11,208	103,771	4,943	3,862	1,695	208,493
Disposal	-	-	(105,322)	-	-	-	(105,322)
At 31 December 2023	296,193	107,606	541,623	16,062	32,208	7,792	1,001,484
<u>Net carrying amount</u>							
At 31 December 2023	217,387	26,005	245,997	8,654	22,508	3,192	523,743

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2022

	Computer and office equipment RM	Furniture, fittings and signboard RM	Motor vehicles RM	Kitchen appliances RM	Renovation and electrical works RM	Other assets * RM	Total RM
<u>Cost</u>							
At 1 January 2022	249,305	109,261	645,407	24,234	46,016	8,969	1,083,192
Additions	27,153	10,310	122,800	482	8,700	2,015	171,460
At 31 December 2022	276,458	119,571	768,207	24,716	54,716	10,984	1,254,652
<u>Accumulated depreciation</u>							
At 1 January 2022	187,519	87,246	435,313	6,176	24,484	4,402	745,140
Charge for the financial year	25,660	9,152	107,861	4,943	3,862	1,695	153,173
At 31 December 2022	213,179	96,398	543,174	11,119	28,346	6,097	898,313
<u>Net carrying amount</u>							
At 31 December 2022	63,279	23,173	225,033	13,597	26,370	4,887	356,339

\* Other assets consist of donation boxes and security control equipment.

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8. RIGHT-OF-USE ASSETS

	Food store and office buildings RM	Total RM
<u>Cost</u>		
At beginning of the financial year		
– As previously reported	-	-
– Effect of adoption of MFRS 16	368,010	368,010
– As restated	368,010	368,010
Addition	-	-
At end of the financial year	368,010	368,010
<u>Accumulated amortisation</u>		
At beginning of the financial year	-	-
Charge for the financial year	135,609	135,609
At end of the financial year	135,609	135,609
<u>Net carrying amount</u>		
At 31 December 2023	232,401	232,401
At 31 December 2022	-	-

The Society has lease contracts for buildings used in their operations. Lease of food store and office buildings generally have lease term of 2 to 3 years. The lease arrangement generally does not allow for subleasing of the lease assets, unless there is a contractual right for the Society to sublet the lease asset to another party.

9. OTHER RECEIVABLES

	2023 RM	2022 RM
Interest receivable	121,443	21,669
Prepayments	6,300	6,000
Deposits	47,230	43,620
	174,973	71,289

10. FIXED DEPOSITS WITH LICENSED FINANCIAL INSTITUTIONS

The Society's fixed deposits have a maturity period ranging from 3 months to 12 months (2022: 3 months to 12 months) and earning effective interest rates ranging from 3.58% to 3.83% (2022: 2.12%) per annum at the reporting date.

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11. LEASE LIABILITIES

	2023 RM	2022 RM
Minimum lease payments :-		
Repayable not later than one financial year	128,000	-
Repayable later than one financial year and not later than five financial years	119,400	-
	<u>247,400</u>	<u>-</u>
Less : Finance charges	(12,269)	-
	<u>235,131</u>	<u>-</u>
Present value of lease payments :-		
Repayable not later than one financial year	119,352	-
Repayable later than one financial year and not later than five financial years	115,779	-
	<u>235,131</u>	<u>-</u>
Represented by :-		
Current	119,352	-
Non-current	115,779	-
	<u>235,131</u>	<u>-</u>

The maturity analysis of lease liabilities are as below :-

The lease liability is initially measured at the present value of the lease payments that are not paid at that date. The lease payments are discounted using the Society's incremental borrowing rate. Subsequent to the initial recognition, the Society measures the lease liability by increasing the carrying amount to reflect interest on the lease liability, reducing the carrying amount to reflect lease payments made, and remeasuring the carrying amount to reflect any reassessment or lease modifications.

The Society leases its office premises in the jurisdictions from which they operate. The lease comprises fixed payments over the lease term and may include extension option.

12. OTHER PAYABLES

	2023 RM	2022 RM
Other payables	4,095	-
Accruals	12,820	7,770
	<u>16,915</u>	<u>7,770</u>

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13. FINANCIAL INSTRUMENTS

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

(a) Categories of financial instruments

	2023 RM	2022 RM
Financial assets measured at amortised cost :-		
Other receivables	168,673	65,289
Fixed deposits with licensed financial institutions	5,959,904	2,646,935
Cash and bank balances	1,089,151	4,252,739
	<u>7,217,728</u>	<u>6,964,963</u>
Financial liabilities measured at amortised cost :-		
Other payables	16,915	7,770
Lease liabilities	235,131	-
	<u>252,046</u>	<u>7,770</u>

(b) Fair value measurement

The carrying amount of the Society's financial assets and financial liabilities at the reporting date approximate their fair values due to the relatively short term nature of these financial instruments.

14. 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.

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

	Carrying amount RM	Contractual interest rate %	Contractual cash flows RM	Under 1 year RM	After 1 year RM
2023					
<u>Financial liabilities :-</u>					
Other payables	16,915	-	16,915	16,915	-
Lease liabilities	235,131	-	246,800	127,400	119,400
	<u>252,046</u>		<u>263,715</u>	<u>144,315</u>	<u>119,400</u>
2022					
<u>Financial liability :-</u>					
Accruals	<u>7,770</u>	-	<u>7,770</u>	<u>7,770</u>	-

(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.

15. 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.

16. AUTHORISATION FOR ISSUE OF FINANCIAL STATEMENTS

These financial statements have been authorised for issue by the Vice President and Treasurer on 3 April 2024.