

PERSATUAN KASIH SEJATI (PPM-021-10-01072013)
(Registered under the Societies Act, 1966)

FINANCIAL STATEMENTS
31 DECEMBER 2020

PERSATUAN KASIH SEJATI
(Registered under the Societies Act, 1966)
(Society No: PPM-021-10-01072013)

THE COUNCIL MEMBERS INFORMATION FOR 2020

President	: Mr. See Swee Choy
Vice President	: Mr. Yuen Juin Hoe : Ms. Lai Ai Fuen
Secretary	: Ms. Chang Phay Kee : Mr. Gan Yee Chuan
Treasurer	: Ms. Chua Chin Ching : Ms. Lee Wan Siing
Councillors	: Mr. Eddy Shan Rush : Mr. Yap Tze Phay : Ms. Siti Munirah Binti Mohd : Mr. Kamarul Farid Bin Kamaruddin
Auditors	: S. F. Lee & Co. (AF: 0670) No. 5-3, Udarama Complex, Jalan 1/64A, Off Jalan Ipoh, 50350 Kuala Lumpur. Tel: 03-40410540 Fax: 03-40410586
Principal Banker	: OCBC Bank Berhad
Registered Office	: Block N-7-03, The Gamuda Biz Suites, Persiaran Anggerik Vanilla, 40460 Shah Alam, Selangor Tel: 03-51316107
Principal Place of Operation	: Block N-7-03, The Gamuda Biz Suites, Persiaran Anggerik Vanilla, 40460 Shah Alam, Selangor Tel: 03-51316107

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PERSATUAN KASIH SEJATI
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COUNCIL'S REPORT

The Council hereby submits its report together with the audited financial statements of Persatuan Kasih Sejati (the Society) for the financial year ended 31 December, 2020.

PRINCIPAL ACTIVITY

The principal activity of the Society is to assist and provide support for the less fortunate communities in Malaysia. There has been no significant changes in the nature of this activity during the year.

FINANCIAL RESULT

Net deficit for the year RM 16,864

RESERVES AND PROVISIONS

There were no material transfer to or from reserves or provisions during the financial year.

In the opinion of the Council, the results of the operations of the Society during the financial year were not substantially affected by any item, transaction or event of a material and unusual nature.

COUNCIL MEMBERS

The names of the Council Members of Persatuan Kasih Sejati in office since the date of the last report are:-

Mr.Eddy Shan Rush
Mr. Yap Tze Phay
Ms.Siti Munirah Binti Mohd Faizal Lim
Mr.Kamarul Farid Bin Kamaruddin

COUNCIL'S BENEFITS

Neither at the end of the financial year, nor at any time during that year, did there subsist any arrangement to which the Society was a party, whereby the Council Members might acquire benefits by means of the acquisition of interest in the Society or any other body corporate.

Since the end of the previous financial year, no Council Member has received or become entitled to receive a benefit by reason of a contract made by the Society or a related corporation with any Council Member or with a firm which he is a member, or with a Company in which he has a substantial financial interest.

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COUNCIL'S INTEREST

None of the Council Members in office since at the end of the financial year had any interest in the Council or its related corporations during the financial year.

COUNCIL REMUNERATION

None of the Council Members of the Society has received any remunerations from the Society during the year.

None of the Council Members of the Society has received any other benefits otherwise than in cash from the Society during the year.

No payment has been paid to or payable to any third party in respect of the services provided to the Society by the Council Members of the Society during the year.

OTHER STATUTORY INFORMATION

(I) AS AT THE END OF THE FINANCIAL YEAR

- (a) Before the financial statements were made out, the Council Members took reasonable steps:-
- (i) to ascertain that proper action had been taken in relation to the writing off of bad debts and satisfied themselves that there were no known bad debts and that no provision for doubtful debts was necessary; and
 - (ii) to ensure that any current assets which were unlikely to realise their values as shown in the accounting records in the ordinary course of business had been written down to an amount which they might be expected so to realise.
- (b) At the date of this report, the Council are not aware of any circumstances not otherwise dealt with in this report or the financial statements of the Society which would render:
- (i) it necessary to write off any bad debts or to make any provision for doubtful debts in respect of the financial statements of the society; and
 - (ii) the values attributed to current assets in the financial statements of the Society misleading.
- (c) As the date of this report, the Council Members are not aware of any circumstances which have arisen which would render adherence to the existing method of valuation of assets or liabilities of the Society misleading or inappropriate.

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- (d) As the date of this report, the Council Members are not aware of any circumstances not otherwise dealt with in this report or to the financial statements of the Society which would render any amount stated in the financial statements misleading.
- (e) As at the date of this report, there does not exist:
 - (i) any charge on the assets of the Society which has arisen since the end of the financial year which secures the liabilities of any other person; or
 - (ii) any contingent liability in respect of the Society which has arisen since the end of the financial year.
- (f) In the opinion of the Council Members:
 - (i) no contingent liability or other liability has become enforceable, or is likely to become enforceable, within the period of twelve months after the end of the financial year which will or may affect the ability of the Society to meet its obligations as and when they fall due; and
 - (ii) no item, transaction or event of a material and usual nature has arisen in the internal between the end of the financial year and the date of this report ~~which is likely to affect substantially the results of the Society for the financial year in which this report is made.~~

SIGNIFICANT EVENT

The significant event during the year is disclosed in Note 10 to the financial statements.

AUDITORS' AND AUDITORS' REMUNERATION

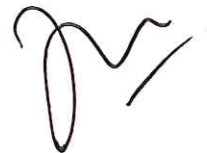
The auditors Messrs S.F. Lee & Co. have expressed their willingness to continue in office,

Auditors' remuneration of the Society for the financial year ended 31 December 2020 is RM2,000/-

Signed on behalf of the Council in accordance with a resolution of the Council dated
27 MAY 2021



See Swee Choy
President



Chua Chin Ching
Treasurer

Kuala Lumpur, Malaysia

PERSATUAN KASIH SEJATI
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STATEMENT BY THE COUNCIL

We, See Swee Choy and Chua Chin Ching, being two of the Council Members of Persatuan Kasih Sejati do hereby state that, in our opinion, the financial statements set out pages 9 to 22 are drawn up in accordance with Malaysian Financial Reporting Standard, International Financial Reporting Standard and the requirements of the Societies Act, 1966 in Malaysia so as to give a true and fair view of the state of affairs of the Society as at 31 December 2020 and financial performance and cash flows of the Society for the year then ended.

Signed on behalf of the Council with a resolution of Council dated

27 MAY 2021



See Swee Choy
President



Chua Chin Ching
Treasurer

Kuala Lumpur

STATUTORY DECLARATION BY TREASURER

I, Chua Chin Ching, being the Treasurer primarily responsible for the financial management of Persatuan Kasih Sejati, do solemnly and sincerely declare that the accompanying financial statements set out on pages 9 to 22 are in my opinion correct, and I make this solemn declaration conscientiously believing the same to be by virtue of the provisions of the Statutory Declarations Act, 1960.

Subscribed and solemnly declared by the abovenamed
Chua Chin Ching at Kuala Lumpur in the Federal Territory on

27 MAY 2021



Chua Chin Ching

Before me:

Kuala Lumpur





INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF PERSATUAN KASIH SEJATI

Report on the Financial Statements

Opinion

We have audited the financial statements of **Persatuan Kasih Sejati** (the Society), which comprise the statement of financial position of the Society as at 31 December 2020, the statement of comprehensive income and expenditure, statement of changes in general fund and statement of cash flows of the Society for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory notes, as set out on pages 8 to 22.

In our opinion, the financial statements of the Society give a true and fair view of the financial position of the Society as at 31 December 2020, and of its financial performance and its cash flows for the year then ended in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Societies Act 1966 in Malaysia.

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 Auditor's 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' Code of Ethics for Professional Accountants ("IESBA Code"), and we have fulfilled our other ethical responsibilities in accordance with the By-Laws and the IESBA Code.

Information Other than the Financial Statements and Auditors' Report Thereon

The council members of the Society are responsible for the other information. The other information comprises the Council's Report but does not include the financial statements of the Society and our auditors' report thereon.

Our opinion on the financial statements of the Society does not cover the Council's Report and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements of the Society, our responsibility is to read the Council's Report and, in doing so, consider whether the Council's Report is materially inconsistent with the financial statements of the Society or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of the Council's Report, we are required to report that fact. We have nothing to report in this regard.



PERSATUAN KASIH SEJATI

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Responsibilities of the Council for the Financial Statements

The council 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 and the requirements of the Societies Act 1966 in Malaysia. The council are also responsible for such internal control as council 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 council 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 council either intend to liquidate the Society or to cease operations, or have no realistic alternative but to do so.

Auditor's 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 judgment and maintain professional skepticism throughout the audit. We also:

- (a) 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.
- (b) 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.
- (c) Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the council.



S.F. LEE & CO (AF : 0670)

PERSATUAN KASIH SEJATI

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- (d) Conclude on the appropriateness of the council's 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.
- (e) Evaluate the overall presentation, structure and content of the financial statements of the Society, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

Other Matter

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.



S.F. LEE & CO.

AF 0670

CHARTERED ACCOUNTANTS



LEE SIEW FATT

01179/09/2022 (J)

CHARTERED ACCOUNTANT

Kuala Lumpur

Dated: 27 MAY 2021

PERSATUAN KASIH SEJATI
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STATEMENT OF FINANCIAL POSITION
As at 31 December 2020

	Note	<u>2020</u> RM	<u>2019</u> RM
GENERAL FUND			
Balance as at beginning of the financial year		3,302,452	2,143,949
(Deficit) / Excess of income over expenditure		(16,864)	1,158,503
Balance as at end of the financial year		<u>3,285,588</u>	<u>3,302,452</u>
Represented by:			
NON-CURRENT ASSETS			
Property, plant and equipment	5	1,230,315	62,672
		<u>1,230,315</u>	<u>62,672</u>
CURRENT ASSETS			
Deposits		11,220	118,200
Fixed deposits with licensed bank		1,543,483	1,527,539
Cash and bank balances		530,882	1,617,852
		<u>2,085,585</u>	<u>3,263,591</u>
LESS: CURRENT LIABILITIES			
Accrued expenses		21,525	21,360
Current tax liabilities		8,787	2,451
		<u>30,312</u>	<u>23,811</u>
NET CURRENT ASSETS		2,055,273	3,239,780
		<u>3,285,588</u>	<u>3,302,452</u>

The annexed notes form an integral part of the financial statements.

PERSATUAN KASIH SEJATI
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STATEMENT OF COMPREHENSIVE INCOME AND EXPENDITURE
For the financial year ended 31 December 2020

INCOME	2020 RM	2019 RM
Donation received	1,604,156	2,676,425
Thanksgiving dinner	-	522,737
Members fees	1,020	560
Sales of merchandise	2,043	4,684
Interest income	51,233	67,688
Wage subsidy	54,000	-
	<u>1,712,452</u>	<u>3,272,094</u>
EXPENDITURE		
Auditors' remuneration	2,000	2,000
Accounting fee	400	14,400
Advertisement and promotion fees	753	3,736
Bank charges	2,687	4,611
Branding and Social Media expenses	36,071	35,405
Cleaning expenses	67	840
Depreciation on property, plant and equipment	33,599	21,729
Donation and contribution to:-		
- Dialysis case	198,499	207,856
- Orphanage	900	16,191
- Old folks home	500	7,790
- Disabled people home	29,000	-
- Reading event	449	28,334
- Individual and family	184,459	246,350
- Orang Asli Project	34,261	51,178
- GHCC Love & Caring Community Project	418,687	343,162
- You & Me Educational Program	40,861	169,666
- Earth warrior project	878	5,491
- Great heart COVID-19 relief aid	103,400	-
Electricity and water	10,710	13,965
Events and promotional campaign	5,560	14,184
EPF and Socso for staff	65,199	54,473
Gift and merchandise	-	7,809
Licence fee	-	786
Medical fee	1,237	2,966
Newspaper and periodicals	3	2
Printing and stationery	4,559	11,159
Charity fund raising banquet	1,002	295,187
Administrative staff salaries	470,961	417,269
Penalty	-	39
Postages	1,006	843
Professionals fee	1,250	3,334
Petrol, toll and parking	14,456	25,743
Quit rent and assessment	570	742
Balance brought down	<u>1,663,984</u>	<u>2,007,240</u>

PERSATUAN KASIH SEJATI**(Registered under the Societies Act, 1966)****(Society No: PPM-021-10-01072013)****STATEMENT OF COMPREHENSIVE INCOME AND EXPENDITURE****For the financial year ended 31 December 2020**

	Note	<u>2020</u> RM	<u>2019</u> RM
Balance carried down		1,663,984	2,007,240
Repair and maintenance		-	231
Rental of premises		16,950	17,567
Staff refreshment		4,554	6,891
SST expenses		324	1,580
Thanksgiving dinner		2,289	49,796
Telephone and internet		10,027	9,553
Training expenses		2,705	2,254
Upkeep of office equipment		7,724	161
Upkeep of premises		-	15,713
Website maintenance		1,147	75
		<u>1,709,704</u>	<u>2,111,061</u>
Surplus of income over expenditure before tax		2,748	1,161,033
Tax expense	6	(19,612)	(2,530)
Net (deficit) / surplus for the year		<u>(16,864)</u>	<u>1,158,503</u>

The accompanying notes are an integral part of the financial statements

PERSATUAN KASIH SEJATI
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STATEMENT OF CHANGES IN GENERAL FUND
Financial for the year ended 31 December 2020

	RM
2020	
At 1 January 2020	3,302,452
Deficit of income over expenditure	(16,864)
At 31 December 2020	<u>3,285,588</u>
2019	
At 1 January 2019	2,143,949
Excess of income over expenditure	1,158,503
At 31 December 2019	<u>3,302,452</u>

The accompanying notes are an integral part of the financial statements

PERSATUAN KASIH SEJATI
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STATEMENT OF CASH FLOWS
For the year ended 31 December 2020

	<u>2020</u> RM	<u>2019</u> RM
Cash flows from operating activities		
Surplus of income over expenditure for the year		
- Members	1,533	560
- Non-members	1,215	1,160,473
	<u>2,748</u>	<u>1,161,033</u>
Adjustments for:-		
Depreciation on property, plant and equipment	33,599	21,729
Surplus before working capital changes	<u>36,347</u>	<u>1,182,762</u>
Decrease / (increase) in receivables	106,980	(117,500)
Increase in payables	165	14,905
Cash generated from operation	<u>143,492</u>	<u>1,080,167</u>
Tax paid	(13,276)	(108)
Net generated from cash operating activities	<u>130,216</u>	<u>1,080,059</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property, plant and equipment	(1,201,242)	(10,963)
NET CASH USED IN INVESTING ACTIVITIES	<u>(1,201,242)</u>	<u>(10,963)</u>
CASH FLOWS FROM FINANCING ACTIVITIES	<u>-</u>	<u>-</u>
NET (DECREASE) / INCREASE IN CASH AND CASH EQUIVALENTS	(1,071,026)	1,069,096
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	3,145,391	2,076,295
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	<u><u>2,074,365</u></u>	<u><u>3,145,391</u></u>
<u>Analysis of cash and cash equivalents: -</u>		
	<u>2020</u> RM	<u>2019</u> RM
Cash in hand	2,165	2,165
Bank balances	506,943	1,597,571
Fixed deposits with licensed bank	1,543,483	1,527,539
Paypal account	21,774	18,116
	<u><u>2,074,365</u></u>	<u><u>3,145,391</u></u>

The accompanying notes are an integral part of the financial statements

NOTES TO THE FINANCIAL STATEMENTS –31 DECEMBER 2020

1. CORPORATE INFORMATION

The principal activity of the Society is to assist and provide support for the less fortunate communities in Malaysia. There has been no significant changes in the nature of this activity during the year.

The Society is registered in Malaysia. The registered office of the Society is located at Blok N-7-03, the Gamuda Biz Suites, Persiaran Anggerik Vanilla, Kota Kemuning, 40460 Shah Alam, Selangor.

The financial statements were authorised for issue in accordance with a resolution by the Council on

2. SIGNIFICANT ACCOUNTING POLICIES

(a) Statement of compliance

The financial statements of the Society have been prepared in accordance with Malaysian Financial Reporting Standard ("MFRS"), International Financial Reporting Standards ("IFRS"), and the requirements of the Societies Act 1966 in Malaysia.

(b) Basis of measurement

The financial statements have been prepared on the historical cost basis except as otherwise stated in the financial statements.

(c) Functional and presentation currency

These financial statements are presented in Ringgit Malaysia ("RM"), which is the Company's functional currency.

(d) Accounting estimates and judgements

The preparation of the financial statements in conformity with MFRS requires the use of certain accounting estimates and exercise of judgements. Estimates and judgements are continuously evaluated and are based on past experience, reasonable expectations of future events and other factors.

The Council are the opinion that there are no key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing material adjustment to the carrying amounts of assets and liabilities within next financial year.

(e) Changes in accounting policies

(i) Standards and amendments to standards and interpretation that are effective and are applicable to the Society.

The Society have applied the following standards, amendments and improvements for the first time for the financial year beginning on 1 January 2020:

- The Conceptual Framework for Financial Reporting (Revised 2018)
- Amendments to MFRS 101 and MFRS 108 'Definition Material'
- Amendments to MFRS 9, MFRS 139 and MFRS 7 'Interest Rate Benchmark Reform'
- Amendments to MFRS 3 'Definition of a Business'

The adoption of new standards and amendments did not have any material impact on the financial statements of the Society in the year of initial application and are not likely to affect future periods.

(ii) A number of new standards, amendments and improvements to standards and interpretation are effective for financial years beginning after 1 January 2021. None of these is expected to have significant effect on the financial statements of the Society:

- Amendments to MFRS 16 'Covid-19-related rent concessions'
- Amendments to MFRS 116 'Proceeds before intended use'
- Amendments to MFRS 3 'Reference to Conceptual Framework'
- Annual improvements to MFRSs 2018-2020 Cycle
- Amendments to MFRS 137 'Onerous contracts-cost of fulfilling a contract'
- Amendments to MFRS 101 'Classification of liabilities as current or noncurrent'
- MFRS 17 'Insurance Contracts' and its amendments.
- Amendments to MFRS 108 'Definition of accounting estimates'
- Amendments to MFRS 101 and MFRS Practice Statement 2 'Disclosure of accounting policies'

3. SUMMARY OF ACCOUNTING POLICIES

(a) Property, plant and equipment and depreciation

All items of property, plant and equipment are initially recorded at cost. The cost of an item of property, plant and equipment is recognised an asset if, and only if, 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.

Subsequent to recognition, property, plant and equipment are measured at cost less accumulated depreciation and accumulated impairment losses. Repair and maintenance costs are recognised in profit or loss as incurred.

Freehold land is not depreciated. Depreciation on other property, plant and equipment is computed on a straight line basis to write-off the cost to its residual value over the estimated useful lives of the assets at following annual rates:-

Building	2%
Building extension	15%
Electrical installation	15%
Furniture and fittings	20%
Information technology equipments	10%
Motor vehicle	20%
Office equipment	10%
Signboard	10%

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.

The residual value, useful life and depreciation method are reviewed at each year-end, and adjusted prospectively, if appropriate.

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

(b) Impairment of non-financial assets

The carrying amounts of non-financial assets (i.e. plant and equipment) are reviewed at the end of each reporting period to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated.

For the purpose of impairment testing, assets are grouped together into the smallest group of assets that generated cash inflows from continuing use that are largely independent of the cash inflows of other assets or cash-generating units.

The recoverable amount of an asset or cash-generating unit is the higher of its fair value less costs to sell and its value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or cash-generating unit.

An impairment loss is recognised if the carrying amount of an asset or its related cash-generating unit exceeds its estimated recoverable amount. Impairment losses are recognised in the profit or loss. Impairment losses recognised in respect of cash-generating units are allocated to reduce the carrying amounts of cash generating unit on a pro rata basis.

Impairment losses recognised in prior periods are assessed at the end of each reporting period for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount since the last impairment loss was recognised. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised. Reversals of impairment losses are credited to profit or loss in the financial year in which the reversals are recognised.

(c) Financial instruments

(i) Initial recognition and measurement

A financial asset or financial liability is recognised in the statement of financial position when, and only when, the Society becomes a party to the contractual provisions of the instrument.

A financial instrument is recognised initially at the transaction price (including transaction costs except in the initial measurement of a financial asset or financial liability that is measured at fair value through the profit or loss) unless the arrangement constitutes, in effect, a financing transaction. If the arrangement constitutes a financing transaction, the financial asset or financial liability is measured at the present value of the future payments discounted at a market rate of interest for a similar debt instrument.

(ii) Subsequent measurement

Debt instruments that meet the following conditions are measured at amortised cost using the effective interest method:

- (a) returns to the holder are determinable, e.g. a fixed amount and/or variable rate of return benchmark against a quoted or observable interest rate;
- (b) there is no contractual provision that could result in the holder losing the principal amount or any interest attributable to the current or prior periods;
- (c) prepayment option, if any, is not contingent on future events.

Debt instruments that are classified as current assets or current liabilities are measured at the undiscounted amount of the cash or other consideration expected to be paid or received unless the arrangement constitutes, in effect, a financing transaction.

Financial assets or financial liabilities not measured at amortised at cost or cost less impairment are measured at fair value changes recognised in profit or loss.

All financial assets (except for financial assets measured at fair value through the profit or loss) are assessed at each reporting date whether there is any objective evidence of impairment. An impairment loss is measured as follows:

- (i) For an instrument measured at amortised cost, the impairment loss is the difference between the asset's carrying amount and the present value of estimated cash flows discounted at the asset's original effective interest rate.
- (ii) For an instrument measured at cost less impairment, the impairment loss is the difference between the asset's carrying amount and the best estimate of the amount that would be received for the asset if it were to be sold at the reporting date.

(iii) Derecognition

A financial asset or part of it is derecognised when, and only when, the contractual rights to the cash flows from the financial asset expired or are settled, or control of the asset is not retained or substantially all of the risks and rewards of ownership of the financial asset are transferred to another party. On derecognition of a financial asset, the difference between the carrying amount of the financial asset derecognised and the consideration received, including any newly created rights and obligations, is recognised in profit or loss.

A financial liability or part of it is derecognised when, and only when, the obligation specified in the contract is discharged, cancelled or expires. On derecognition of a financial liability, the difference between carrying amount of the financial liability extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss.

(d) Employee benefits

(i) Short term employee benefits

Wages, salaries, social security contributions, paid annual leave, paid sick leave, bonuses and non-monetary benefits are measured on an undiscounted basis and are expensed when employees rendered their services to the Society.

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

(ii) Defined contribution plans

The Society incorporated in Malaysia make contributions to a statutory provident fund. The contributions are recognised as a liability after deducting any amount already paid and as an expense in the period in which the employees render their services.

(e) Revenue recognition

Donations from members and non-members are recognised in profit or loss when the Society is entitled to the donations.

4. FINANCIAL RISK MANAGEMENT AND CAPITAL MANAGEMENT

(a) Financial risk management

The financial risk management of the Society is carried out under policies approved by the Council. Financial risk management is carried out through risk reviews, internal control system and adherence to Society policies. The Council regularly reviews the risks and approves the policies covering the management of these risks.

Interest rate risk

Interest rate risk is the risk that the fair value of the future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Society's income and operating cash flows are substantially independent of changes in market interest rates.

Fair value of the financial instruments

The carrying amounts of the financial assets and liabilities as at end of reporting period approximated their fair values.

(b) Capital risk management

The Society considers its general funds as its capital. The Society manages its capital by following the Society policies and guidelines. Presently, the Society's activities are funded by donations. As at 31 December 2020, the Society is not exposed to any capital risk as there are no outstanding borrowings made with financial institutions.

5. PROPERTY, PLANT AND EQUIPMENT

	Freehold land	Building	Building extension	Electrical installation	Furniture and fittings	Information technology equipment	Motor vehicles	Office equipment	Signboard	Total
	RM	RM	RM	RM	RM	RM	RM	RM	RM	RM
<i>Cost</i>										
At 1 January 2020	-	-	70,920	7,250	16,420	23,996	12,000	10,778	9,960	151,324
Additions	650,000	535,580	-	-	1,636	9,596	-	4,430	-	1,201,242
Disposal and deletion	-	-	-	-	-	-	-	-	-	-
At 31 December 2020	650,000	535,580	70,920	7,250	18,056	33,592	12,000	15,208	9,960	1,352,566
Accumulated depreciation and impairment losses										
At 1 January 2020	-	-	53,190	4,351	8,533	5,696	9,600	3,550	3,732	88,652
Charge for the year	-	10,712	10,638	1,087	2,887	3,359	2,399	1,521	996	33,599
Disposal and deletion	-	-	-	-	-	-	-	-	-	-
At 31 December 2020	-	10,712	63,828	5,438	11,420	9,055	11,999	5,071	4,728	122,251
Carrying amounts at 1 January 2020	-	-	17,730	2,899	7,887	18,300	2,400	7,228	6,228	62,672
Carrying amounts at 31 December 2020	650,000	524,868	7,092	1,812	6,636	24,537	1	10,137	5,232	1,230,315

Included in the above are property, plant and equipment which are fully depreciated but still in use costing RM 12,000/- (2019: NIL)

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6. TAX EXPENSE

Income tax if any, is charged on surplus arising from transactions with non-members.

	<u>2020</u> RM	<u>2019</u> RM
Current tax:		
On result for the year	8,787	2,451
Underprovision in prior years	10,825	79
	<u>19,612</u>	<u>2,530</u>

7. RELATED PARTY DISCLOSURES

(a) Identities of related parties

Parties are considered to be related to the Society if the Society has the ability, directly or indirectly, to control the party or exercise significant influence over the party in making financial and operating decisions, or vice versa, or where the Society and the party are subject to common control or common significant influence. Related parties could be individuals or other parties.

There were no related party transactions during the year.

(b) Compensation of key management personnel

Key management personnel are those persons having the authority and responsibility for planning, directing and controlling the activities of the entity, directly and indirectly, including any Council member (whether executive or otherwise) of the Society.

There were no compensation paid to key management personnel during the year.

8. CAPITAL COMMITMENT

	<u>2020</u> RM	<u>2019</u> RM
Contracted but not provided for- property	<u>-</u>	<u>1,115,000</u>

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9. RECLASSIFICATIONS OF COMPARATIVE FIGURES

Certain comparative figures in 2019 have been reclassified to conform with current year's presentation.

	As previously reported	As restated
Councillors' remuneration	272,606	-
Administrative staff salaries	<u>144,663</u>	<u>417,269</u>

10. FINANCIAL INSTRUMENTS

The financial instruments of the Society are categorised into the following classes:

	<u>2020</u> RM	<u>2019</u> RM
Financial assets measured at amortised cost less impairment		
Fixed deposits with licensed bank	1,543,483	1,527,539
Cash and bank balances	<u>530,882</u>	<u>1,617,852</u>
	<u>2,074,365</u>	<u>3,145,391</u>
Financial liabilities carried at amortised cost		
Accrued expenses	<u>21,525</u>	<u>21,360</u>

11. SIGNIFICANT EVENT

On 11 March 2020, the World Health Organisation declared the Coronavirus ("COVID-19") outbreak as a pandemic in recognition of its rapid spread across the globe. On 16 March 2020, the Malaysia Government imposed the Movement Control Order ("MCO") starting from 18 March 2020 to curb the spread of COVID-19 outbreak in Malaysia. The COVID-19 outbreak also resulted in travel restriction, lockdown, social distancing and other precautionary measures imposed in various countries. The emergence of the COVID-19 outbreak since early 2020 has brought significant economic uncertainties in Malaysia.

The Society has performed assessments on the overall impact of the situation on the Society operations and financial implications, including the recoverability of the carrying amounts of assets and subsequent measurement of assets and liabilities, and concluded that there was no material adverse effect on the financial statements for the year ended 31 December 2020.

Given the evolving nature of the COVID-19 pandemic, it is currently not possible to ascertain the full financial impact it may have on the financial results and performance of the Society for the year ended 31 December 2021.