Islamic Relief Malaysia

(Registration No.: 657354-W)
(Incorporated in Malaysia)

Financial Statements
31 December 2015

(Registration No.: 657354-W)

Islamic Relief Malaysia

(Incorporated in Malaysia)

INDEX

Contents **Page**

CORPORATE INFORMATION	1
BOARD OF TRUSTEES' REPORT	2 - 4
STATEMENT BY BOARD OF TRUSTEES	5
STATUTORY DECLARATION	5
REPORT OF THE AUDITORS	6 - 7
FINANCIAL STATEMENTS:	
STATEMENT OF FINANCIAL POSITION	8
STATEMENT OF INCOME AND EXPENDITURE AND OTHER COMPREHENSIVE INCOME	9
STATEMENT OF CHANGES IN ACCUMULATED FUND	10
STATEMENT OF CASH FLOWS	11
NOTES TO THE FINANCIAL STATEMENTS	12 - 27

Islamic Relief Malaysia

(Registration No.: 657354-W)
(Incorporated in Malaysia)

Corporate information

BOARD OF TRUSTEES	Prof. Dr. Azni bin Idris Marihah binti Suhaimi Dr. Abdul Rahman bin Bidin Haroun Abdel-Hakem Atallah Magdalena binti Samsuddin Dr. Hossam Said
SECRETARY	Mustafa Kamil bin Sintol (LS 0008970)
REGISTERED OFFICE	No. 307-C, Lorong Perak Melawati Square Taman Melawati 53100 Kuala Lumpur
PRINCIPAL PLACE OF BUSINESS	A-05-1, Paragon Point Jalan Medan PB 5, Seksyen 9 43650 Bandar Baru Bangi Selangor Darul Ehsan
BANKERS	Affin Islamic Bank Berhad Bank Islam Malaysia Berhad Bank Kerjasama Rakyat Malaysia Berhad CIMB Bank Berhad CIMB Islamic Bank Berhad Malayan Banking Berhad

Board of Trustees' report for the financial year ended 31 December 2015

The Board of Trustees have pleasure in submitting their report and the audited financial statements of the Organisation for the financial year ended 31 December 2015.

Principal activity

The objective of the Organisation is to relieve poverty in any part of the world. It is a humanitarian aid organisation which is dedicated to help people in need.

There has been no significant change in the nature of this principal activity during the financial year.

Results of operations

The results of operations of the Organisation for the financial year are as follows:

	2015
	RM
Deficit for the year	(3,980,940)

In the opinion of the Board, the results of operations of the Organisation during the financial year have not been substantially affected by any item, transaction or event of a material and unusual nature.

Board of Trustee of the Organisation

Trustees who served since the date of the last report are:-

Prof. Dr. Azni bin Idris
Marihah binti Suhaimi
Dr. Abdul Rahman bin Bidin
Haroun Abdel-Hakem Atallah
Magdalena binti Samsuddin
Dr. Hossam Said

Statutory information on the financial statements

Before the financial statements of the Organisation were made out, the Board of Trustees took reasonable steps:-

i) to ascertain that action had been taken in relation to the writing off of bad debts and the making of provision for doubtful debts and have satisfied themselves that no known bad debts to be written off and no provision for doubtful debts is required; and

ii) to ensure that any current assets which were unlikely to be realised in the ordinary course of business including their value as shown in the accounting records of the Organisation have been written down to an amount which they might be expected so to realise.

At the date of this report, the Board of Trustees are not aware of any circumstances: -

i) that would render it necessary to write off any bad debts or to make any provision for doubtful debts, in the financial statements of the Organisation, or

ii) that would render the value attributed to the current assets in the financial statements of the Organisation misleading, or

iii) which have arisen which render adherence to the existing method of valuation of assets or liabilities of the Organisation misleading or inappropriate, or

iv) not otherwise dealt with in this report or the financial statements, that would render any amount stated in the financial statements of the Organisation misleading.

At the date of this report there does not exist:-

i) any charge on the assets of the Organisation that 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 Organisation that has arisen since the end of the financial year.

No contingent liability or other liability of the Organisation has become enforceable, or is likely to become enforceable within the year of twelve months after the end of the financial year which, in the opinion of the Board of Trustees, will or may substantially affect the ability of the Organisation to meet its obligations as and when they fall due.

In the opinion of the Board of Trustees, the results of the operations of the Organisation for the financial year ended 31 December 2015 have not been substantially affected by any item, transaction or event of a material and unusual nature nor has any such item, transaction or event occurred in the interval between the end of that financial year and the date of this report.

(Registration No.: 657354-W)

Auditors

The retiring Messrs. Azuddin & Co. have indicated their willingness to be re-appointed in accordance with Section 172(2) of the Companies Act, 1965.

Signed in accordance with a resolution of the Board of Trustees:

....
PROF. DR. AZNI BIN IDRIS
Trustee

....
MARIHAH BINTI SUHAIMI
Trustee

Kuala Lumpur,

Date: 03 NOV 2016

Islamic Relief Malaysia

(Registration No.: 657354-W)
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Statement by Board of Trustees pursuant to Section 169(15) of the Companies Act, 1965

In the opinion of the Board, the financial statements set out on the following pages are drawn up in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act, 1965 in Malaysia so as to give a true and fair view of the financial position of the Company as at 31 December 2015 and of its financial performance and cash flows for the financial year ended on that date.

Signed in accordance with a resolution of the Board of Trustees:

PROF. DR. AZNI BIN IDRIS
Trustee

MARIHAH BINTI SUHAIMI
Trustee

Kuala Lumpur,
Date: 03 NOV 2016

Statutory declaration pursuant to section 169(16) of the Companies Act, 1965

I, PROF. DR. AZNI BIN IDRIS, the person primarily responsible for the financial management of ISLAMIC RELIEF MALAYSIA , do solemnly and sincerely declare that the financial statements set out on the following pages are, to the best of my knowledge and belief, 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)
PROF. DR. AZNI BIN IDRIS at Kuala Lumpur)
in Federal Territory on 03 NOV 2016)

PROF. DR. AZNI BIN IDRIS

BEFORE ME:

PESURUHJAYA SUMPAH
No: W465
Nama: KAPT. (B) JASNI BIN YUSOFF
MALAYSIA

Lot 1.08, Tingkat 1,
Bangunan KWSP, Jln Raja Laut,
50350 Kuala Lumpur.
Tel: 019-6680745

Independent auditors' report to the members of Islamic Relief Malaysia

AZUDDIN & CO
CHARTERED ACCOUNTANTS (AF1452)

(Registration No.: 657354-W)
(Incorporated in Malaysia)

Report on the Financial Statements

We have audited the financial statements of Islamic Relief Malaysia, which comprise statement of financial position as at 31 December 2015 of the Organisation, and statement of income and expenditure and other comprehensive income, statement of changes in accumulated funds and cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory notes as set out on the following pages.

Trustees' Responsibility for the Financial Statements

The Trustees of the Organisation (who are also the Board of Trustees of Islamic Relief Malaysia) are responsible for the preparation and fair presentation of these financial statements in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act, 1965 in Malaysia. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditors' Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on our judgment, including the assessment of risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the Organisation's preparation and fair presentation of the financial statements 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 Organisation's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial statements.

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

Head Office:2766-C, Jalan Changkat Permata,Taman Permata, 53300 Kuala Lumpur. Tel: +603- 4105 4953 Fax: +603- 4106 5953
Branch Office: No. 21-A2, Jalan Bandar, Pusat Perdagangan Pasir Gudang, 81700 Pasir Gudang, Johor. Tel: +607- 252 3118 Fax: +607- 252 4118
http://www.azc.com.my

Independent auditors' report to the members of Islamic Relief Malaysia

(Registration No.: 657354-W)
(Incorporated in Malaysia)

Opinion

In our opinion, the financial statements have been properly drawn up in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act, 1965 in Malaysia so as to give a true and fair view of the financial position of the Organisation as of 31 December 2015 and of its financial performance and cash flows for the year then ended.

Report on Other Legal and Regulatory Requirements

In accordance with the requirements of the Companies Act, 1965 in Malaysia, we also report that in our opinion the accounting and other records and the registers required by the Act to be kept by the Organisation have been properly kept in accordance with the provisions of the Act.

Other Matters

This report is made solely to the members of the Organisation, as a body, in accordance with Section 174 of the Companies Act, 1965 in Malaysia and for no other purpose. We do not assume responsibility to any other person for the content of this report.

azuddin&co

AZUDDIN & CO.
AF 1452
Chartered Accountants

Kuala Lumpur,

Date: 03 NOV 2016

AZUDDIN BIN DAUD
Partner
2290/07/018/(J)

Islamic Relief Malaysia

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Statement of financial position as at 31 December 2015

	Note	2015 RM	2014 RM
ASSETS			
Non-current assets			
Property, plant and equipment	6	2,778,352	2,883,235
Current assets			
Inventories	7	137,334	45,115
Other receivables, deposit and prepayment	8	48,816	135,320
Cash and cash equivalents		4,759,694	7,101,308
		4,945,844	7,281,743
LIABILITIES			
Current liablity			
Other payables and accruals		1,619,389	545,565
		3,326,455	6,736,178
		6,104,807	**9,619,413**
Financed by:			
Accumulated funds			
Restricted funds		-	908,865
Unrestricted funds		2,884,513	5,956,588
		2,884,513	6,865,453
Non-current liability			
Amount due to headquarters	9	3,220,294	2,753,960
		6,104,807	**9,619,413**

The accompanying notes form an integral part of these financial statements.

Islamic Relief Malaysia

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Statement of income and expenditure and other comprehensive income for the year ended 31 December 2015

	Note	2015 RM	2014 RM
INCOME	10	11,978,216	12,068,710
Less : CHARITABLE EXPENDITURE			
Charitable expenses	11	(14,173,202)	(8,699,558)
		(2,194,986)	3,369,152
OTHER INCOME	12	145,668	725,057
Less : EXPENSES			
Auditors' remuneration		(10,000)	(12,000)
Assets written off		(22,570)	-
Depreciation		(154,551)	(154,024)
Rental of office		(495,000)	-
Rental of warehouse		(13,560)	(18,000)
Staff costs	13	(404,292)	(233,014)
Unrealised loss on foreign exchange		(466,335)	-
Other operating expenses		(365,314)	(222,035)
		(1,931,622)	(639,073)
(DEFICIT)/SURPLUS BEFORE TAXATION		(3,980,940)	3,455,136
TAXATION	14	-	-
(DEFICIT)/SURPLUS FOR THE YEAR		**(3,980,940)**	**3,455,136**

The accompanying notes form an integral part of these financial statements.

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Statement of changes in accumulated funds for the year ended 31 December 2015

	Accumulated fund RM	Total RM
Balance at 1 January 2014	3,410,317	3,410,317
Surplus for the year	3,455,136	3,455,136
Balance at 31 December 2014	6,865,453	6,865,453
Deficit for the year	(3,980,940)	(3,980,940)
Balance at 31 December 2015	**2,884,513**	**2,884,513**

The accompanying notes form an integral part of these financial statements.

Islamic Relief Malaysia

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Cash flow statement
for the year ended 31 December 2015

	Note	2015 RM	2014 RM
Cash flows from activities			
(Deficit)/Surplus before taxation		(3,980,940)	3,455,136
Adjustment for :			
Assets written off		22,570	-
Depreciation		154,551	154,024
Interest on fixed deposit		-	-
Unrealised gain on foreign exchange		(5,356)	(665,681)
Unrealised loss on foreign exchange		466,335	-
Operating (deficit)/surplus before working capital changes :		(3,342,840)	2,943,479
Changes in working capital :			
Increase in inventories		(92,219)	(21,387)
Decrease/(Increase) in other receivables and prepayments		87,154	(130,056)
Increase in other payables and accruals		1,078,529	196,741
Net cash (used in)/generated from operating activities		(2,269,376)	2,988,777
Cash flows from investing activity			
Purchase of property, plant and equipment	15	(72,238)	(167,648)
Net cash used in investing activity		(72,238)	(167,648)
Net (Decrease)/Increase in cash and cash equivalents		(2,341,614)	2,821,129
Cash and cash equivalents at beginning of the year		7,101,308	4,280,179
Cash and cash equivalents at end of the year	16	**4,759,694**	**7,101,308**

The accompanying notes form an integral part of these financial statements.

Islamic Relief Malaysia
(Registration No.: 657354-W)
(Incorporated in Malaysia)

Notes to the financial statements

1. Principal activities and corporate information

1.1 Principal activity

The objective of the Organisation is to relieve poverty in any part of the world. It is a humanitarian aid organisation which is dedicated to help people in need.

There has been no significant change in the nature of this principal activity during the financial year.

1.2 Legal status and country of incorporation

Islamic Relief Malaysia is an public Company limited by guarantee, incorporated and domiciled in Malaysia.

1.3 Registered office

The registered office of the Organisation is located at No. 307-C, Lorong Perak, Melawati Square, Taman Melawati, 53100 Kuala Lumpur.

1.4 Principal place of business

The principal place of business is at A-05-1, Paragon Point, Jalan Medan PB 5 Seksyen 9, 43650 Bandar Baru Bangi, Selangor Darul Ehsan.

1.5 Date of authorisation of issue

The financial statements were authorised for issue by the Board of Trustees in accordance with a resolution of the Board of Trustees on 3 November 2016.

2. Basis of preparation of the financial statements

2.1 Statements of compliance

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

The financial statements are presented in Ringgit Malaysia (RM) which is also the functional currency of the Organisation.

3. Summary of significant accounting policies

3.1 Standards issued but not yet effective

As at date of authorisation of these financial statements, the following MFRSs, amendments to MFRSs and IC interpretations have been issued by Malaysian Accounting Standards Board but are not yet effective and have not been adopted by the Organisation.

Effective for financial periods beginning on or after 1 January 2016

- Amendments to MFRS 5 (Annual Improvements to MFRSs 2012-2014 Cycle)
- Amendments to MFRS 7 (Annual Improvements to MFRSs 2012-2014 Cycle)
- Amendments to MFRS 10, MFRS 12 and MFRS 128, Investment Entities: Applying the Consolidation Exception
- Amendments to MFRS 11, Accounting for Acquisitions of Interest in Joint Operations
- MFRS 14, Regulatory Deferral Accounts
- Amendments to MFRS 101, Disclosure Initiative
- Amendments to MFRS 116 and MFRS 138, Clarification of Acceptable Method of Depreciation and Amoritzation
- Amendments to MFRS 116 and MFRS 141, Agriculture : Bearer Plants.
- Amendments to MFRS 119 (Annual Improvements to MFRSs 2012-2014 Cycles)
- Amendments to MFRS 127, Equity Method in Separate Financial Statements
- Amendments to MFRS 134, Annual Improvements to MFRSs 2012-2014 Cycle

Effective for financial periods beginning on or after 1 January 2017

- Amendments to MFRS 107, Disclosure Initiative
- Amendments to MFRS 112, Recognition for Deferred Tax Assets for Unrealised Losses

Effective for financial periods beginning on or after 1 January 2018

- Amendments to MFRS 2, Classification and measurement of Share-based Payment Transactions
- Clarifications and Revenue from Contarcts with Customers to MFRS 15

The Organisation plan to adopt the above pronouncements when they become effective in the respective financial periods. These pronouncements are expected to have no significant impact to the financial statements of the Organisation upon their initial application.

3. Summary of significant accounting policies (continued)

3.2 Financial assets

Financial assets are recognised in the statements of financial position when, and only when, the Organisation become a parties to the contractual provisions of the financial instrument.

When financial assets are recognised initially, they are measured at fair value, plus, in the case of financial assets not at fair value through profit or loss, directly attributable transaction costs.

The Organisation determines the classification of their financial assets at initial recognition, and the categories include financial assets at fair value through profit or loss, loans and receivables and held-to-maturity investments.

3.2.1 Financial assets at fair value through profit or loss

Financial assets are classified as financial assets at fair value through profit or loss if they are held for trading or are designated as such upon initial recognition. Financial assets held for trading are derivatives (including separated embedded derivatives) or financial assets acquired principally for the purpose of selling in the near term.

Subsequent to initial recognition, financial assets at fair value through profit or loss are measured at fair value. Any gains or losses arising from changes in fair value are recognised in profit or loss. Net gains or net losses on financial assets at fair value through profit or loss do not include exchange differences, interest and dividend income. Exchange differences, interest and dividend income on financial assets at fair value through profit or loss are recognised separately in profit or loss as part of other deficits or other income.

Financial assets at fair value through profit or loss could be presented as current or non-current. Financial assets that are held primarily for trading purposes are presented as current whereas financial assets that are not held primarily for trading purposes are presented as current or non-current based on the settlement date.

3.2.2 Loans and receivables

Financial assets with fixed or determinable payments that are not quoted in an active market are classified as loans and receivables.

Subsequent to initial recognition, loans and receivables are measured at amortised cost using the effective interest method. Gains or losses are recognised in profit or loss when the loans and receivables are derecognised or impaired, and through the amortisation process. Loans and receivables are classified as current assets, except for those having maturity dates later than 12 months after the reporting date which are classified as non-current.

3. Summary of significant accounting policies (continued)

3.2 Financial assets (continued)

3.2.3 Held-to-maturity investments

Financial assets with fixed or determinable payments and fixed maturity are classified as held-to-maturity when the Organisation has the positive intention and ability to hold the investment to maturity.

Subsequent to initial recognition, held-to-maturity investments are measured at amortised cost using the effective interest method. Gains or losses are recognised in profit or loss when the held-to-maturity investments are derecognised or impaired, and through the amortisation process.

Held-to-maturity investments are classified as non-current assets, except for those having maturity within 12 months after the reporting date which are classified as current.

3.3 Impairment of financial assets

The Organisation assess at each reporting date whether there is any objective evidence that a financial asset is impaired.

3.3.1 Trade receivable, other receivables and other financial assets carried at amortised cost

To determine whether there is objective evidence that an impairment loss on financial assets has been incurred, the Organisation consider factors such as the probability of insolvency or significant financial difficulties of the debtor and default or significant delay in payments. For certain categories of financial assets, such as trade receivables, assets that are assessed not to be impaired individually are subsequently assessed for impairment on a collective basis based on similar risk characteristics. Objective evidence of impairment for a portfolio of receivables could include the Organisation's past experience of collecting payments, an increase in the number of delayed payments in the portfolio past the average credit period and observable changes in national or local economic conditions that correlate with default on receivables.

If any such evidence exists, the amount of impairment loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the financial asset's original effective interest rate. The impairment loss is recognised in profit or losses.

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of trade receivables, where the carrying amount is reduced through the use of an allowance account. When a trade receivable becomes uncollectible, it is written off against the allowance account.

3. Summary of significant accounting policies (continued)

3.3 Impairment of financial assets (continued)

3.3.1 Trade receivable, other receivables and other financial assets carried at amortised cost (continued)

If in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed to the extent that the carrying amount of the asset does not exceed its amortised cost at the reversal date. The amount of reversal is recognised in profit or losses.

3.4 Financial liabilities

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

Financial liabilities, within the scope of FRS 139, are recognised in the statement of financial position when, and only when, the Organisation become a party to the contractual provisions of the financial instrument. Financial liabilities are classified as either financial liabilities at fair value through profit or loss or other financial liabilities.

3 4.1 Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss.

Financial liabilities held for trading include derivatives entered into by the Organisation that do not meet the hedge accounting criteria. Derivative liabilities are initially measured at fair value and subsequently stated at fair value, with any resultant gain or losses recognised in profit or loss. Net gains or losses on derivatives include exchange differences.

The Organisation has not designated any financial liabilities as at fair value through profit or loss.

3.4.2 Other financial liabilities

The Organisation other financial liabilities include trade payables and other payables.

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

For other financial liabilities, gains or losses are recognised in profit or loss when the liabilities are derecognised, and through the amortisation process.

A financial liability is derecognised when the obligation under the liability is extinguished. 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 a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in profit or loss.

3. Summary of significant accounting policies (continued)

3.5 Fund accounting

All donations are considered unrestricted unless specifically stated by the donors. Restricted funds are specified by the donors according to project.

Unrestricted funds comprise of accumulated surplus or deficit on the statement of financial which are available for use at the discretion of the Trustees of Islamic Relief Malaysia in the furtherance of its general objectives. Designated funds comprise those unrestricted funds that the trustees have set aside for particular purposes.

Restricted funds are donations either for a particular project of which is restricted to that project. Restricted funds are funds subjected to specific restrictive conditions imposed by donors or by the purpose of the appeal under which they were raised.

3.6 Cash and cash equivalents

Cash and cash equivalents consist of cash in hand, cash at bank and deposits with licensed banks. The cash flow statement is prepared using the indirect method.

3.7 Revenue recognition

All income is accounted for when the charity has entitlement to funds, the amount can be quantified and there is certainty of receipt.

3.8 Employee benefit

(a) Short term employee benefits

Wages, salaries, paid annual leave and sick leave, bonuses, and non-monetary benefits are accrued in the period in which the associated services are rendered by employees of the company. Short term accumulating compensated absences such as paid annual leave are recognised when services are rendered by employees that increase their entitlement to future compensated absences and short term non-accumulating compensated absences such as sick leave are recognised when the absences occur.

(b) Defined contribution plan

As required by law, companies in Malaysia make contribution to the state pension scheme, the Employees Provident Fund ("EPF"). Such contributions are recognised as an expense in the income statement in the financial year to which they relate. Once the contributions have been paid, the Organisation has no future obligation.

3. Summary of significant accounting policies (continued)

3.9 Foreign currency translation

Transaction in foreign currency during the year are converted into Ringgit Malaysia at rates of exchange approximating those prevailing at the transaction dates.

Monetary assets and liabilities in foreign currency at financial position date are translated into Ringgit Malaysia at rates of exchange approximating those ruling on that date.

Exchange gains and losses are charged to the statement of income and expenditure and other comprehensive income.

The principle closing rates used in the translation of foreign currency amounts are as follows:-

Foreign currency:-	**31.12.2015**	**31.12.2014**
Great Britain Pound	6.3607	5.4396
Euro	4.6918	4.2513

3.10 Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and impairment loss, if any.

The carrying amounts of property, plant and equipment are reviewed at each financial position date to determine whether there is any indication of impirment. An impairment loss is recognised whenever the carrying amount of an item of property, plant and equipment exceeds its to recoverable amount. The impairment loss is recognised as an expense in the statement of income and expenditure and other comprehensive income.

Depreciation is provided on straight line method in order to write off each asset over its estimated useful life. Depreciation of an asset does not cease when the asset becomes idle or retired from active use unless the assets is fully depreciated.

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

Building	2%
Computer and EDP	10%
Furniture and fittings	20%
Motor vehicle	20%
Office equipment	20%
Renovation	10%
Signboard	20%
Telecommunication equipment	20%

3. Summary of significant accounting policies (continued)

3.10 Property, plant and equipment (equipment)

Upon disposal of an item of property, plant and equipment, the difference between the net disposal proceeds and the net carrying amount is recognised in the statement of income and expenditure and other comprehensive income and the revaluation reserve related to those assets, if any, is transferred directly to accumulated fund.

3.11 Impairment of assets

At each financial position date, the Organisation reviews the carrying amounts of its assets, other than inventories and deferred tax assets, to determine whether there is any indication that those assets have suffered an impairment loss.

Where an indication of impairment exists, the recoverable amount of the assets is determined and the carrying amount of the assets is written down immediately to its recoverable amount. The recoverable amount of the asset is the higher of the asset's net selling price and its value in use, which is measured by reference to discounted future cash flow.

An impairment loss is recognised as an expense in the statement of income and expenditure and other comprehensive income immediately, unless the asset is carried at revalued amount. Any impairment loss of a revalued assets is treated as a revaluation decrease to the extent of any available previously recognised revaluation surplus for the same asset.

Reversal of impairment losses recognised in prior years is recorded when there is an indication that the impairment losses recognised for the asset no longer exist or have decreased. The reversal 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 as an income in the statement of income and expenditure and other 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 was previously recognised as an expense in the statement of income and expenditure and other comprehensive income.

4. Financial instrument

The Organisation activities are exposed to a variety of market risk (including interest rate risk), credit risk and liquidity risk.

4.1 Financial risk management policies

The Organisation's activities expose it to a variety of financial risks, in which will be handled on case to case basis by the Board of Trustees as and when issues arise. The main areas of the financial risk faced by the Organisation and the policy in respect of the major areas of treasury activities are set out as follows :

4.1.1 Market risk

a) Interest rate risk

Interest rate risk is the risk that the fair value or the future cash flows of a financial instrument will fluctuate because of chages in market interest rates.

The Organisation policy is to obtain the most favourable interest rates available. Any surplus funds of the Organisation will be placed with licensed financial institutions to generate interest income.

4.1.2 Credit risk

Credit risk is the risk that one party to the financial will fail to discharge an obligation and cause the other party to incur a financial loss.

Credit risk arises when derivative instruments are used or sales made on deferred credit terms. The Organisation seeks to invest cash assets safely and profitably. It also seeks to control credit risk by setting counterparty limits and ensuring that sales of products and services are made to customers with an appropriate credit history.

Action is enforced for debt collection. Furthermore, sales to customer are suspended when earlier amounts are overdue by the credit term. The Organisation considers the risk of material loss in the event of non-performance by a financial counterparty to be unlikely.

4.1.3 Liquidity and cash flow risk

Liquidity risk is the risk that an organisation will encounter difficulty in raising funds to meet commitments associated with financial instruments.

Cash flow risk is the risk that future cash flows associated with a financial instrument will fluctuate. In the case of a floating rate debt instrument, such fluctuations result in a change in the effective interest rate of the financial instrument, usually without a corresponding change in its fair value.

4. Financial instrument (continued)

4.1 Financial risk management policies (continued)

4.1.3 Liquidity and cash flow risk (continued)

In the short term, the Organisation focuses on liquidity, gearing of financial position, funds resources for plant upgrading and expansion of existing activities. Prudent liquidity risk management implies maintaining sufficient cash flow and the availability of funding through an adequate amount of committed credit facilities and the ability to close out market positions. Due to the dynamic nature of the underlying business, the Organisation aims at maintaining flexibility in funding by keeping credit lines.

4.2 Fair value information

The carrying amount of the financial assets and financial liabilities reported in the financial statements approximated their fair value.

The following summarises the method used to determine the fair values of the financial instruments:-

4.2.1 The financial assets and financial liabilities maturing within the next 12 months approximated their fair values due to relatively short-term maturing of the financial instruments.

5. Significant accounting judgements and estimates

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities at the reporting date. However, uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amount of the asset or liability affected in the future.

5.1 Key sources of estimation uncertainty

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date 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.

5.1.1 Impairment of loans and receivables

The Organisation assesses at each reporting date whether there is any objective evidence that a financial asset is impaired. To determine whether there is objective evidence of impairment, the Organisation considers factors such as the probability of insolvency or significant financial difficulties of the receivables and default or significant delay in payment.

6. Property, plant and equipment

Cost or valuation	Balance at 01.01.2015 RM	Additions RM	Written-off RM	Disposal RM	Balance at 31.12.2015 RM
Building	2,450,000	-	-	-	2,450,000
Computers and EDP	46,596	26,946	-	-	73,542
Furniture and fittings	144,484	15,570	1,570	-	158,484
Motor vehicle	160,430	-	-	-	160,430
Office equipment and donation box	42,186	15,862	-	-	58,048
Renovation	469,854	13,860	21,000	-	462,714
Signboard	38,960	-	-	-	38,960
Telecommunication equipment	7,168	-	-	-	7,168
	3,359,678	72,238	22,570	-	3,409,346

Accumulated depreciation	Balance at 01.01.2015 RM	Depreciation charge RM	Written-off RM	Disposal RM	Balance at 31.12.2015 RM
Building	132,000	44,000	-	-	176,000
Computers and EDP	35,098	16,679	-	-	51,777
Furniture and fittings	49,877	20,007	-	-	69,884
Motor vehicle	83,605	19,205	-	-	102,810
Office equipment and donation box	22,025	9,970	-	-	31,995
Renovation	141,288	40,082	-	-	181,370
Signboard	6,095	3,896	-	-	9,991
Telecommunication equipment	6,455	712	-	-	7,167
	476,443	154,551	-	-	630,994

Net book value	2015 RM	2014 RM	Depreciation charge 2014 RM
Building	2,274,000	2,318,000	44,000
Computers and EDP	21,765	11,498	13,865
Furniture and fittings	88,600	94,607	18,061
Motor vehicle	57,620	76,825	19,205
Office equipment and donation box	26,053	20,161	6,952
Renovation	281,344	328,566	47,096
Signboard	28,969	32,865	3,896
Telecommunication equipment	1	713	949
	2,778,352	2,883,235	154,024

7. Inventories

	2015 RM	2014 RM
Souvenier		
- at cost	137,334	45,115

8. Other receivables, deposit and prepayment

	2015 RM	2014 RM
Other receivables, deposit and prepayment	48,816	135,320

9. Amount due to headquarters

The Organisation regards Islamic Relief Worldwide and Organisation based in Birmingham, United Kingdom as a headquarters. Islamic Relief Worldwide as the headquarters has helped setting up Islamic Relief Malaysia and that Islamic Relief Malaysia operates under the name and logo according to a license agreement giving Islamic Relief Malaysia permission to do so.

The amount due to headquarters is in respect of an advances which is unsecured, interest free and repayable on demand.

10. Income

	2015 RM	2014 RM
Unrestricted income:-		
Administration funds	1,199,160	1,646,671
Charity shoppe	127,594	153,692
General funds	18,159	1,209,221
Sales of merchandise	24,907	19,483
Syubhah	5,301	-
	1,375,121	3,029,067
Restricted income:-		
Local appeals and programmes:-		
Back-to-School programmes	-	289,289
Community development fund	871,566	441,000
Emergency Appeal	905,105	457,706
Fidyah	305,600	347,436
Gift of hope	651,857	41,911
MySedekah	1,955,341	1,493,216
Orphanage development programmes	-	8,160
Qurbani	28,446	64,295
Ramadhan Relief and Eid Gift	558,256	1,018,497
Zakat and Waqf	811,064	841,943
	6,087,235	5,003,453

10. Income (continued)

	2015 RM	2014 RM
International appeals and programmes:-		
Afghanistan Appeal	-	26
Al-Yateem Sponshorship	1,078,859	1,154,920
Emergency Appeal	154,612	10,983
Mediterranean refugee crisis	122,391	-
MySedekah	127,112	-
Myanmar Appeal	535	21,929
Pakistan Appeal	295	394
Palestine Appeal	923,660	1,162,950
Qurbani (International)	768,558	505,080
Ramadhan Relief (International)	1,146,068	601,133
Somalia Appeal	15,456	8,347
Syria Appeal	93,144	321,063
Winterisation Appeal	85,170	239,543
Zakat	-	9,822
	4,515,860	4,036,190
Total income	11,978,216	12,068,710

11. Charitable expenditure

	2015 RM	2014 RM
Local appeals and programmes:-		
Back-to-School programmes	-	36,485
Care for Hunger	-	22,815
Charity Shoppe	-	75,082
Chinese New Year Programme	-	3,685
Community development fund	1,202,543	-
Emergency Relief	1,128,136	467,312
Fidyah	203,861	243
Five season for NM	5,596	-
Fundraising and awareness campaigns	3,898,603	1,171,203
Gift of Hope	698,562	333,045
Merchandises	12,207	138
MySedekah	106,837	12,893
Qurbani	56,054	64,295
Ramadhan Relief and Eid Gift	803,529	1,019,487
Training and capacity development	-	6,705
Underprivileged development programmes	-	2,399
Volunteer Appreciation Day	-	1,367
Zakat and Waqf	10,473	379,695
	8,126,401	3,596,849

11. Charitable expenditure (continued)

	2015 RM	2014 RM
International appeals and programmes:-		
Al-Yateem Sponsorship	1,735,617	1,383,913
Bangladesh Relief	-	560
Emergency Relief	111,710	84,359
Iraq Education	-	44,206
Myanmar Relief	-	66,022
MySedekah	667,355	192,628
Palestine Relief	1,023,555	1,271,995
Others	702,220	22,982
Qurbani (International)	601,185	509,365
Ramadhan Relief (International)	575,650	601,990
Somalia Relief	-	42,665
Sudan Appeal	-	42,625
Syria Appeal	110,458	839,399
Winterisation Relief	519,051	-
	6,046,801	5,102,709
Total charitable expenditure	14,173,202	8,699,558

12. Other income

	2015 RM	2014 RM
Discount received	22,800	-
Income from investment	104,472	59,371
Realised gain on foreign exchange	-	5
Rental of multipurpose hall	8,920	-
Unrealised gain on foreign exchange	5,356	665,681
Others	4,120	-
	145,668	725,057

13. Staff costs

	2015 RM	2014 RM
EPF and SOCSO	35,460	22,771
Salaries and allowances	368,832	210,243
	404,292	233,014
Number of employees at the end of the financial year	25	23

14. Taxation

During the financial year, the Organisation is in the process of applying for tax exempt status under Section 44(6) of the Income Tax Act, 1967. Therefore, no taxation is provided in the financial statements.

15. Purchase of property, plant and equipment

During the financial year, the Organisation acquired property, plant and equipment with an aggregate cost of RM 72,238 (2014:RM 167,648). Cash payment of RM 72,238 (2013: RM 167,648) were made to purchase property, plant and equipment.

16. Cash and cash equivalents

	2015 RM	2014 RM
Cash at bank	1,161,443	4,527,755
Cash in hand	289,196	255,358
Deposit with licensed banks	3,309,055	2,318,195
	4,759,694	7,101,308

17. Financial instruments

17.1 Financial risks management objectives and policies

The Organisation has exposure to financial risks as the following:

(a) credit risks arising from its other receivables and bank balance;
(b) interest rate risks from deposits with licensed bank.

17.2 Net gains and losses arising from financial instrument

	2015 RM	2014 RM
Cash and cash equivalents	104,472	59,371

17. Financial instruments (continued)

17.3 Categories and fair values of financial instuments

	Carrying amount 2015 RM	Fair value 2015 RM	Carrying amount 2014 RM	Fair value 2014 RM
Financial assets categorised as loans and receivables:				
Other receivables, deposit and prepayment	48,816	48,816	135,320	135,320
Cash and cash equivalents	4,759,694	4,759,694	7,101,308	7,101,308
	4,808,510	4,808,510	7,236,628	7,236,628
Financial liabilities measured at amortised cost:				
Other payables and accruals	1,619,389	1,619,389	545,565	545,565
Amount due to headquarters	3,220,294	3,220,294	2,753,960	2,753,960
	4,839,683	4,839,683	3,299,525	3,299,525