ISLAMIC RELIEF MALAYSIA
(Organisation No. 200401018851 (657354 - W))
(Incorporated in Malaysia)

TRUSTEES' REPORT
AND FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED
31 DECEMBER 2019
(In Ringgit Malaysia)

Organisation No. 200401018851 (657354 - W)

ISLAMIC RELIEF MALAYSIA
(Incorporated in Malaysia)

CORPORATE INFORMATION

TRUSTEES	:	Prof. Dr. Azni Bin Idris Marihah Binti Suhaimi Dr. Hossam Bin Said Dr. Abdul Rahman Bin Bidin
SECRETARY	:	Sahril Bin Mintol @ Mansor (MACS01566)
REGISTERED OFFICE	:	A-03A-1, Paragon Point Jalan Medan PB 5, Seksyen 9 43650 Bandar Baru Bangi Selangor Darul Ehsan
PRINCIPAL PLACE OF BUSINESS	:	A-05-1, Paragon Point Jalan Medan PB 5, Seksyen 9 43650 Bandar Baru Bangi Selangor Darul Ehsan
AUDITORS	:	Adam & Co. (AF 1250) Chartered Accountants No. 29-1-1B Jalan Medan PB 2B Seksyen 9 43650 Bandar Baru Bangi Selangor Darul Ehsan
PRINCIPAL BANKERS	:	Affin Islamic Bank Berhad Bank Islam Malaysia Berhad Bank Kerjasama Rakyat Berhad CIMB Bank Berhad CIMB Islamic Bank Berhad Malayan Banking Berhad MBSB Bank Berhad

Organisation No. 200401018851 (657354 - W)

ISLAMIC RELIEF MALAYSIA
(Incorporated in Malaysia)

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ISLAMIC RELIEF MALAYSIA
(Incorporated in Malaysia)

TRUSTEES' REPORT

The Trustees of **ISLAMIC RELIEF MALAYSIA,** have pleasure in submitting their report and the audited financial statements of the Organisation for the financial year ended 31 December 2019.

PRINCIPAL ACTIVITIES

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 in need.

RESULTS OF OPERATIONS

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

	2019 RM
Surplus before tax	49,542
Tax expense	(44,359)
Surplus for the year	5,183

In the opinion of the Trustees, 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.

RESERVES AND PROVISIONS

There were no material transfers to or from reserves and provisions during the financial year other than those disclosed in the financial statements.

OTHER STATUTORY INFORMATION

Before the statement of profit or loss and other comprehensive income and statement of financial position of the Organisation were made out, the Trustees took reasonable steps:

(a) to ascertain that proper action had been taken in relation to the writing off of bad debts and the making of allowance for doubtful debts, and had satisfied themselves that all known bad debts had been written off and that adequate allowance had been made for doubtful debts; and

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

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

(a) which would render the amount written off as bad debts or the amount of allowance for doubtful debts in the financial statements of the Organisation inadequate to any substantial extent; or

(b) which would render the values attributed to the current assets in the financial statements of the Organisation misleading; or

(c) which have arisen and render adherence to the existing method of valuation of assets or liabilities of the Organisation misleading or inappropriate; or

(d) not otherwise dealt with in this report or financial statements which would render any amount stated in the financial statements of the Organisation misleading.

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

(a) any charge on the assets of the Organisation which has arisen since the end of the financial year which secures the liability of any other person; or

(b) any contingent liability of the Organisation which has arisen since the end of the financial year.

No contingent 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, in the opinion of the 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 Trustees, no item, transaction or event of a material and unusual nature has arisen in the interval between the end of the financial year and the date of this report which is likely to affect substantially the results of operations of the Organisation for the succeeding financial year.

TRUSTEES

The Trustees of the Organisation in office during the financial year and during the period from the end of financial year to the date of this report are:

Prof. Dr. Azni Bin Idris
Marihah Binti Suhaimi
Dr. Hossam Bin Said
Dr. Abdul Rahman Bin Bidin

TRUSTEES' BENEFITS

Since the end of the previous financial year, none of the Trustees of the Organisation has received or become entitled to receive any benefit by reason of a contract made by the Organisation with a firm of which the Trustee is a member, or with an organisation in which the Trustee has a substantial financial interest.

During and at the end of the financial year, no arrangements subsisted to which the Organisation was a party, whereby the Trustees of the Organisation might acquire benefits by means of the acquisition of shares in, or debentures of, the Organisation or any other body corporate.

INDEMNITY AND INSURANCE FOR TRUSTEES AND OFFICERS

There was no indemnity given to or insurance affected for any Trustees, officers and auditors of the Organisation in accordance with Section 289 of the Companies Act, 2016.

AUDITORS

The auditors, Adam & Co., have indicated their willingness to continue in office.

AUDITOR'S REMUNERATION

The amount payable as remuneration of the auditors for the financial year ended 31 December 2019 is described in Note 8 to the financial statements.

Signed on behalf of the Board
in accordance with a resolution of the Trustees,

PROF. DR. AZNI BIN IDRIS

MARIHAH BINTI SUHAIMI

Bandar Baru Bangi,
Date: 21 MAY 2021

Organisation No. 200401018851 (657354 - W)

ISLAMIC RELIEF MALAYSIA
(Incorporated in Malaysia)

STATEMENT BY TRUSTEES

The Trustees of **ISLAMIC RELIEF MALAYSIA** state that, in their opinion, the accompanying financial statements are drawn up in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act, 2016 in Malaysia so as to give a true and fair view of the financial position of the Organisation as at 31 December 2019 and of its financial performance and the cash flows for the year ended on that date.

Signed on behalf of the Board
in accordance with a resolution of the Trustees,

PROF. DR. AZNI BIN IDRIS | **MARIHAH BINTI SUHAIMI**

Bandar Baru Bangi
Date: 21 MAY 2021

DECLARATION BY THE TRUSTEE PRIMARILY RESPONSIBLE FOR THE FINANCIAL MANAGEMENT OF THE ORGANISATION

I, **PROF. DR. AZNI BIN IDRIS (IC No.; 570912-03-5105)**, being the Trustee primarily responsible for the financial management of **ISLAMIC RELIEF MALAYSIA**, do solemnly and sincerely declare that the accompanying financial statements are, in my opinion, 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.

PROF. DR. AZNI BIN IDRIS

Subscribed and solemnly declared by the abovenamed **PROF. DR. AZNI BIN IDRIS** at **BANDAR BARU BANGI** in the state of **SELANGOR** this day of 21 MAY 2021

Before me,

COMMISSIONER FOR OATHS

PESURUHJAYA SUMPAH
MALAYSIA
HAZLIN BINTI MOHAMED
NO. 20-2, JALAN 9/9C,
SEKSYEN 9,
43650 BANDAR BARU BANGI,
SELANGOR DARUL EHSAN.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF ISLAMIC RELIEF MALAYSIA
(Incorporated in Malaysia)

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of **ISLAMIC RELIEF MALAYSIA**, which comprise the statement of financial position as of 31 December 2019 and the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages 10 to 36.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Organisation as of 31 December 2019, and 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 Companies Act, 2016 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 Auditors' Responsibilities for the Audit of the Financial Statement section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified opinion.

Independence and Other Ethical Responsibilities

We are independent of the Organisation 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.

(Forward)

KUALA LUMPUR
[T] +6 03 4141 6242
[F] +6 03 4141 6275

SHAH ALAM
[T] +6 03 5524 4744 / 4344
[F] +6 03 5524 4344

BANGI
[T] +6 03 8920 9482
[F] +6 03 8922 2590

E-Mail

URL

Information Other than the Financial Statements and Auditors' Report Thereon

The Trustees of the Organisation are responsible for the other information. The other information comprises the Trustees' Report, but does not include the financial statements and our auditors' report thereon.

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

In connection with our audit of the financial statements of the Organisation, our responsibility is to read the Trustees' Report and, in doing so, consider whether the other information is materially inconsistent with the financial statements of the Organisation 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 Trustees' Report, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Trustees for the Financial Statements

The Trustees of the Organisation are responsible for the preparation of financial statements of the Organisation that give a true and fair view in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act, 2016. The Trustees are also responsible for such internal control as the Trustees determine is necessary to enable the preparation of financial statements of the Organisation that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements of the Organisation, the Trustees are responsible for assessing the Organisation'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 Trustees either intend to liquidate the Organisation or to cease operations, or have no realistic alternative but to do so.

(Forward)

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements of the Organisation 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 skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements of the Organisation, 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 Organisation's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Trustees.

- Conclude on the appropriateness of the Trustees' 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 Organisation'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 Organisation 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 Organisation to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements of the Organisation, 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 Trustees 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.

(Forward)

Organisation No. 200401018851 (657354 - W)

Other Matter

This report is made solely to the members of the Organisation, as a body, in accordance with Section 266 of the Companies Act, 2016 in Malaysia and for no other purpose. We do not assume responsibility to any other person for the contents of this report.

Adam & Co.
ADAM & CO.
Chartered Accountants (AF 1250)

MOHAMAD FAIZAL BIN ABDUL FATAH
Partner - 03375/06/2022 J
Chartered Accountant

Bandar Baru Bangi,
Date: 21 MAY 2021

ISLAMIC RELIEF MALAYSIA
(Incorporated in Malaysia)

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

	Note	2019 RM	2018 RM
Revenue	5	14,635,796	34,107,259
Cost of sales	6	(12,289,427)	(35,357,114)
Gross surplus/(deficit)		2,346,369	(1,249,855)
Other income		10,052	6,850
Administrative expenses		(2,305,875)	(2,582,451)
Finance costs	7	(1,004)	-
Surplus/(Deficit) before tax	8	49,542	(3,825,456)
Tax expense	10	(44,359)	-
Surplus/(Deficit) for the year, representing total comprehensive income/(loss) for the year		5,183	(3,825,456)

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

ISLAMIC RELIEF MALAYSIA
(Incorporated in Malaysia)

STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2019

	Note	2019 RM	2018 RM
ASSETS			
Non-current assets			
Property, plant and equipment	11	2,396,518	2,561,361
Right-of-use asset	12	34,794	-
Total Non-current Assets		2,431,312	2,561,361
Current Assets			
Inventories	13	-	41,664
Other receivables and deposits	14	497,342	158,275
Cash and bank balances		3,794,568	1,420,218
Total Current Assets		4,291,910	1,620,157
TOTAL ASSETS		6,723,222	4,181,518
FUND AND LIABILITIES			
Fund			
Accumulated funds		2,484,091	2,478,908
Current Liabilities			
Other payables and accruals	15	3,000,977	1,702,610
Amount owing to related parties	16	1,156,615	-
Lease liabilities	17	37,180	-
Tax payables		44,359	-
Total Liabilities		4,239,131	1,702,610
TOTAL FUND AND LIABILITIES		6,723,222	4,181,518

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

ISLAMIC RELIEF MALAYSIA
(Incorporated in Malaysia)

**STATEMENT OF CHANGES IN ACCUMULATED FUND
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019**

	Accumulated fund RM
As of 1 January 2018	6,304,364
Deficit for the year, representing total comprehensive loss for the year	(3,825,456)
As of 31 December 2018	2,478,908
As of 1 January 2019	2,478,908
Surplus for the year, representing total comprehensive income for the year	5,183
As of 31 December 2019	2,484,091

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

Organisation No. 200401018851 (657354 - W)

ISLAMIC RELIEF MALAYSIA
(Incorporated in Malaysia)

STATEMENT OF CASH FLOWS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

	2019 RM	2018 RM
CASH FLOWS GENERATED FROM/ (USED IN) OPERATING ACTIVITIES		
Surplus/(Deficit) before tax	49,542	(3,825,456)
Adjustments for:		
Depreciation of property, plant and equipment	174,058	206,703
Depreciation of right-of-use asset	13,382	-
Loss in disposal of property, plant and equipment	812	-
Finance costs	1,004	-
Unrealised foreign exchange loss	7,759	-
Inventories written off	-	18,218
Hibah income	(10,052)	(6,850)
Operating Surplus/(Deficit) Before Working Capital Changes	236,505	(3,607,385)
Decrease/(Increase) in:		
Inventories	41,664	44,404
Other receivables and deposits	(339,067)	95,956
Increase in:		
Other payables and accruals	1,298,367	1,013,894
Amount owing to related parties	1,148,856	-
Cash flows generated from/(used in) operations	2,386,325	(2,453,131)
Hibah received	10,052	6,850
Net Cash Generated From/(Used In) Operating Activities	2,396,377	(2,446,281)

(Forward)

	Note	2019 RM	2018 RM
CASH FLOWS USED IN INVESTING ACTIVITIES			
Purchase of property, plant and equipment		(11,027)	(119,048)
Proceed from disposal of assets		1,000	-
Net Cash Used In Investing Activities		(10,027)	(119,048)
CASH FLOWS USED IN FINANCING ACTIVITIES			
Repayment of lease liabilities		(12,000)	-
Net Cash Used In Financing Activities		(12,000)	-
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS		2,374,350	(2,565,329)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR		1,420,218	3,985,547
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR (REPRESENTING CASH AND BANK BALANCES)		3,794,568	1,420,218

The accompanying Notes form an integral part of the Financial Statements.

ISLAMIC RELIEF MALAYSIA
(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS

1. GENERAL INFORMATION

The Organisation is a non-governmental organisation, incorporated and domiciled in Malaysia.

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

The registered office is A-03A-1, Paragon Point, Jalan Medan PB 5, Seksyen 9, 43650 Bandar Baru Bangi, Selangor Darul Ehsan.

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

The financial statements of the Organisation were authorised by the Board of Trustees for issuance on 21 MAY 2021

2. BASIS OF PREPARATION OF THE FINANCIAL STATEMENTS

The financial statements of the Organisation have been prepared in accordance with Malaysian Financial Reporting Standards ("MFRSs"), International Financial Reporting Standards and the requirements of the Companies Act, 2016 in Malaysia.

Application of Standards, Amendments to Malaysian Financial Reporting Standards and Issues Committee Interpretations ("IC Interpretations")

In the current year, the Organisation has applied a number of Standards, Amendments to MFRS issued by Malaysian Accounting Standards Board ("MASB") and IC Interpretations that are relevant to its operations and effective for annual financial years beginning on or after 1 January 2019 as follows:

MFRS 16	Leases
Amendments to MFRSs	Annual Improvements to MFRSs 2015 - 2017 Cycle
Amendments to MFRS 9	Prepayment Features with Negative Compensation
IC Interpretation 23	Uncertainty over Income Tax Payments

The application of these Standards, Amendments to MFRSs and IC Interpretations have no material impact on the disclosures or on the amount recognised in the financial statements of the Organisation.

Standards, Amendments and Issues IC Interpretations in Issue but Not Yet Effective

The Trustees anticipate that the following Standards, Amendments to MFRSs and IC Interpretations will be adopted in the annual financial statements of the Organisation when they become effective:

MFRSs	Amendment to References to the Conceptual Framework in MFRS Standards[1]
Amendments to MFRS 3	Definition of a Business[1]
Amendments to MFRS 101 and MFRS 108	Definition of Material[1]
Amendments to MFRS 9, MFRS 139 and MFRS 7	Interest Rate Benchmark Reform[1]
Amendments to MFRS 16	COVID-19-Related Rent Concessions[2]
Amendments to MFRS 9, MFRS 139, MFRS 7, MFRS 4, and MFRS 16	Interest Rate Benchmark Reform - Phase 2[3]
Amendments to MFRSs	Annual Improvements to MFRS Standards 2018 – 2020[4]
Amendments to MFRS 3	Reference to Conceptual Framework[4]
Reference to Conceptual Framework	Property, Plant, and Equipment - Proceeds before Intended Use[4]
Amendments to MFRS 137	Onerous Contracts - Costs of Fulfilling a Contract[4]

[1] Effective for annual periods beginning on or after 1 January 2020, with earlier application permitted.

[2] Effective for annual periods beginning on or after 1 June 2020, with earlier application permitted.

[3] Effective for annual periods beginning on or after 1 January 2021, with earlier application permitted.

[4] Effective for annual periods beginning on or after 1 January 2022, with earlier application permitted.

The Trustees anticipate that the abovementioned Standards, Amendments to MFRSs and IC Interpretations will be adopted in the financial statements of the Organisation when they become effective and that the adoption of these standards will have no material impact on the amounts reported in the financial statements of the Organisation in the period of initial application except as discussed below:

3. SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting

The financial statements of the Organisation have been prepared under the historical cost convention. Historical cost is generally based on the fair value of the consideration given in exchange for assets.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or liability, the Organisation takes into account the characteristics of the asset or liability if the market participants would take those characteristics into account when pricing the asset and liability at the measurement date. Fair value for measurement and/or disclosure purposes in these financial statements is determined on such a basis, except for share-based payment transactions that are within the scope of MFRS 2, leasing transactions that are within the scope of MFRS 117, and measurements that have some similarities to fair value but are not fair value, such a net realizable value in MFRS 102 or value in use in MFRS 136.

In addition, for financial reporting purposes, fair value measurements are categorised into Level 1,2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirely, which are described as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;
- Level 2 inputs are inputs, other that quoted price included within Level 1, that are observable for the asset or liability, either directly or indirectly; and
- Level 3 inputs are unobservable inputs for the asset or liability.

Revenue Recognition

Revenue is measured based on the consideration to which the Company expects to be entitled in a contract with a customer and excludes amounts collected on behalf of third parties. The Company recognises revenue when it transfers control of a product or service to a customer.

(i) Donations

Donations received either from individuals or corporates are recognised in the statement of comprehensive income and expenditure when the Organisation is entitled to the donations. Other donations are recognised as income upon receipt.

(ii) Sales of merchandise

Revenue from sale of merchandise is measured at the fair value of the consideration receivable and is recognised in the income statement when the significant risks and rewards of ownership have been transferred to the buyer.

Foreign Currencies

In preparing the financial statements of the Organisation, transactions in currencies other than the Organisation's functional currency (foreign currencies) are recorded at the rates of exchange prevailing on the dates of the transactions. At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing on that date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing on the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences arising on the settlement of monetary items, and on the retranslation of monetary items, are included in profit or loss for the year. Exchange differences arising on the retranslation of non-monetary items carried at fair value are included in profit or loss for the year, except for the retranslation of non-monetary items in respect of which gains and losses are recognised directly in other comprehensive income. For such non-monetary items, any exchange component of that gain or loss is also recognised directly in other comprehensive income.

Employee Benefits

(i) Short-term employee benefits

Salaries, wages, paid annual leave and sick leave and bonuses are accrued in the period in which the associated services are rendered by the employees of the Organisation. 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. Short-term non-accumulating compensated absences such as sick leave are recognised when the absences occurred.

(ii) Defined contribution plan

As required by law, the Organisation is required to make monthly contributions to the Employees Provident Fund ("EPF"), a statutory defined contribution plan for all its eligible employees based on certain prescribed rate of the employees' salaries. The Organisation's contributions to EPF are charged to profit or loss in the period to which they relate. Once the contributions have been paid, the Organisation has no further obligation.

Property, Plant and Equipment

All items of property, plant and equipment are initially recorded at cost. 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 Organisation 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 profit or loss during the financial period in which they are incurred. Subsequent to recognition, property, plant and equipment are stated at cost less accumulated depreciation and any accumulated impairment losses.

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

Buildings	2%
Computers and EDP	10%
Furniture and fittings	20%
Motor vehicles	20%
Office equipment	20%
Renovation	20%
Signboard	20%
Telecommunication equipment	20%

The useful life and depreciation method are reviewed at each financial period-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.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. The difference between the net disposal proceeds, if any and the net carrying amount is recognised in profit or loss.

Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined on a first-in-first-out basis and includes all expenses incurred in bringing the inventories to their present location and condition which consist of cost of purchase and transportation costs.

Net realisable value is estimated selling price in the ordinary course of business less the estimated costs necessary to make the sale.

Impairment of Non-financial Assets

The carrying amounts of non-current assets are reviewed at each reporting date to determine whether there is any indication of impairment. If such an indication exists, the recoverable amounts are estimated. An impairment loss is recognised whenever the carrying amount of an asset or a cash-generating unit exceeds its recoverable amount.

Recoverable amount is the higher of fair value less costs to sell and 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 for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset or cash-generating unit is estimated to be less than its carrying amount, the carrying amount of the asset or its cash-generating unit is reduced to its recoverable amount. An impairment loss is recognised immediately in the profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

An impairment loss is only reversed 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. A reversal of an impairment loss is recognised immediately in the profit or loss, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

Provisions

Provisions are recognised when the Organisation have a present obligation (legal or constructive) as a result of a past event, it is probable that the Organisation will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows.

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, a receivable is recognised as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

Leases

The Organisation assesses whether a contract is or contains a lease, at inception of the contract. The Organisation recognises a right-of-use asset and a corresponding lease liability with respect to all lease arrangements in which it is the lessee, except for short-term leases (defined as leases with a lease term of 12 months or less) and leases of low value assets. For these leases, the Organisation recognises the lease payments as an operating expense on a straight-line basis over the term of the lease unless another systematic basis is more representative of the time pattern in which economic benefits from the leased assets are consumed.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted by using the rate implicit in the lease.

The lease liability is presented as a separate line in the statement of financial position.

The lease liability is subsequently measured by increasing the carrying amount to reflect interest on the lease liability (using the effective interest method) and by reducing the carrying amount to reflect the lease payments made.

The right-of-use assets comprise the initial measurement of the corresponding lease liability, lease payments made at or before the commencement day, less any lease incentives received and any initial direct costs. They are subsequently measured at cost less accumulated depreciation and impairment losses.

Right-of-use assets are depreciated over the shorter period of lease term and useful life of the right-of-use asset. If a lease transfers ownership of the underlying asset or the cost of the right-of-use asset reflects that the Organisation expects to exercise a purchase option, the related right-of-use asset is depreciated over the useful life of the underlying asset. The depreciation starts at the commencement date of the lease.

The right-of-use assets are presented as a separate line in the consolidated statement of financial position.

Financial Instruments

Financial assets and financial liabilities are recognised in the Organisation's statement of financial position when the Organisation becomes a party to the contractual provisions of the instrument.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

i. Financial assets

All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace.

All recognised financial assets are measured subsequently in their entirety at either amortised cost or fair value, depending on the classification of the financial assets.

Classification of financial assets

Debt instruments that meet the following conditions are measured subsequently at amortised cost:

- the financial asset is held within a business model whose objective is 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.

Debt instruments that meet the following conditions are measured subsequently at fair value through other comprehensive income (FVTOCI):

- the financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling the financial assets; 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.

By default, all other financial assets are measured subsequently at fair value through profit or loss (FVTPL).

Impairment of financial assets

The Organisation recognises a loss allowance for expected credit losses on investments in debt instruments that are measured at amortised cost or at FVTOCI, lease receivables, trade receivables and contract assets, as well as on financial guarantee contracts. The amount of expected credit losses is updated at each reporting date to reflect changes in credit risk since initial recognition of the respective financial instrument.

The Organisation always recognises lifetime ECL (expected credit losses) for trade receivables, contract assets and lease receivables. The expected credit losses on these financial assets are estimated using a provision matrix based on the Organisation's historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current as well as the forecast direction of conditions at the reporting date, including time value of money where appropriate.

For all other financial instruments, the Organisation recognises lifetime ECL when there has been a significant increase in credit risk since initial recognition. However, if the credit risk on the financial instrument has not increased significantly since initial recognition, the Organisation measures the loss allowance for that financial instrument at an amount equal to 12-month ECL.

Lifetime ECL represents the expected credit losses that will result from all possible default events over the expected life of a financial instrument. In contrast, 12-month ECL represents the portion of lifetime ECL that is expected to result from default events on a financial instrument that are possible within 12 months after the reporting date.

Derecognition of financial assets

The Organisation derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Organisation neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Organisation recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Organisation retains substantially all the risks and rewards of ownership of a transferred financial asset, the Organisation continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

On derecognition of a financial asset measured at amortised cost, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognised in profit or loss. In addition, on derecognition of an investment in a debt instrument classified as at FVTOCI, the cumulative gain or loss previously accumulated in the investments revaluation reserve is reclassified to profit or loss. In contrast, on derecognition of an investment in an equity instrument which the Organisation has elected on initial recognition to measure at FVTOCI, the cumulative gain or loss previously accumulated in the investments revaluation reserve is not reclassified to profit or loss, but is transferred to retained earnings.

ii. Financial liabilities and equity

Classification as debt or equity

Debt and equity instruments are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Organisation are recognised at the proceeds received, net of direct issue costs.

Repurchase of the Organisation's own equity instruments is recognised and deducted directly in equity. No gain or loss is recognised in profit or loss on the purchase, sale, issue or cancellation of the Organisation's own equity instruments.

Financial liabilities

All financial liabilities are measured subsequently at amortised cost using the effective interest method or at FVTPL.

Derecognition of financial liabilities

The Organisation derecognises financial liabilities when, and only when, the Organisation 's obligations are discharged, cancelled or have expired. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in profit or loss.

Statement of Cash Flows

The Organisation adopts the indirect method in the preparation of the statement of cash flows.

Cash equivalents are short-term, highly liquid investments with maturities of three months or less from the date of acquisition and are readily convertible to cash with insignificant risk of changes in value.

4. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

Critical judgements in applying the Organisation's accounting policies

In the process of applying the Organisation's accounting policies, which are described in Note 3 above, management is of the opinion that there are no instances of application of judgement which are expected to have a significant effect on the amounts recognised in the financial statements.

Key sources of estimation uncertainty

Management believes that there are no key assumptions made concerning the future, and other key sources of estimation uncertainty at the end of the financial year, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

5. REVENUE

	2019 RM	2018 RM
At point of time:		
International appeals and programmes donation	5,460,174	24,497,934
Local appeals and programmes donation	8,626,231	9,384,978
Unrestricted donation	352,873	60,621
Sales of merchandise	196,518	163,726
	14,635,796	34,107,259

6. COST OF SALES

	2019 RM	2018 RM
Fundraising and awareness campaigns	1,816,496	1,822,034
International programmes	5,632,260	26,727,375
Local programmes	3,366,919	5,605,099
Merchandise goods	-	20,255
Staff costs (Note 9)	1,431,367	1,056,899
Volunteer programmes and other charitable expenditures	42,385	125,452
	12,289,427	35,357,114

7. FINANCE COST

	2019 RM	2018 RM
Profit on lease liabilities	1,004	-

8. SURPLUS/(DEFICIT) BEFORE TAX

Included in surplus/(deficit) before tax are the following:

	2019 RM	2018 RM
Credit:		
Hibah income	(10,052)	(6,850)
Charges:		
Auditors' remuneration	6,000	6,500
Depreciation of property, plant and equipment (Note 11)	174,058	206,703
Depreciation of right-of-use asset (Note 12)	13,382	-
Unrealised foreign exchange loss	7,759	-
Loss on disposal of property, plant and equipment	812	-
Inventories written off	-	18,218
Staff costs (Note 9)	3,094,008	2,972,572

9. STAFF COSTS

	2019 RM	2018 RM
Cost of sales:		
Salaries, wages and allowances	1,215,561	930,071
Contribution to:		
Defined contribution plans	10,804	126,828
Social security contribution (SOCSO)	1,371	-
Employment Insurance System (EIS)	161	-
Other benefits	203,470	-
	1,431,367	1,056,899
Administrative expenses:		
Salaries, wages and allowances	1,586,634	1,702,628
Contribution to:		
Defined contribution plans	35,992	213,045
Social security contribution (SOCSO)	4,534	-
Employment Insurance System (EIS)	519	-
Other benefits	34,962	-
	1,662,641	1,915,673
	3,094,008	2,972,572

10. TAX EXPENSE

	2019 RM	2018 RM
Estimated tax payable:		
Current year	44,359	-

A reconciliation of tax expense applicable to surplus/(deficit) before tax at the statutory tax rate to tax expense at the effective tax rate is as follows:

	2019 RM	2018 RM
Surplus/(Deficit) before tax	49,542	(3,825,456)
Tax at statutory tax rate of:		
First RM100,000 (2018: RM1,000,000)	-	(237,650)
Remaining of 24% (2018: 28%)	-	(791,128)
Tax effects of:		
Expenses not deductible for tax purposes	44,359	7,169,318
Income not subject to tax	-	(6,140,540)
Tax expense	44,359	-

11. PROPERTY, PLANT AND EQUIPMENT

	Land and building RM	Computers and EDP RM	Furniture and fittings RM	Motor vehicles RM	Office equipment RM	Renovation RM	Signboard RM	Telecom-munication equipment RM	Total RM
Cost									
As of 1 January 2019	2,450,000	151,594	173,484	352,442	81,239	516,498	38,960	7,168	3,771,385
Additions	-	7,150	630	-	3,247	-	-	-	11,027
Disposal	-	(5,857)	-	(64,401)	-	-	-	-	(70,258)
As of 31 December 2019	2,450,000	152,887	174,114	288,041	84,486	516,498	38,960	7,168	3,712,154
Accumulated depreciation									
As of 1 January 2019	308,000	77,003	148,631	250,105	61,165	324,586	33,367	7,167	1,210,024
Charge for the year	44,000	11,272	14,813	38,402	8,219	51,759	5,593	-	174,058
Disposal	-	(4,045)	-	(64,401)	-	-	-	-	(68,446)
As of 31 December 2019	352,000	84,230	163,444	224,106	69,384	376,345	38,960	7,167	1,315,636
Net book value									
As of 31 December 2019	2,098,000	68,657	10,670	63,935	15,102	140,153	-	1	2,396,518

(Forward)

	Land and building RM	Computers and EDP RM	Furniture and fittings RM	Motor vehicles RM	Office equipment RM	Renovation RM	Signboard RM	Telecom-munication equipment RM	Total RM
Cost									
As of 1 January 2018	2,450,000	116,034	158,484	352,442	64,660	464,589	38,960	7,168	3,652,337
Additions	-	35,560	15,000	-	16,579	51,909	-	-	119,048
As of 31 December 2018	2,450,000	151,594	173,484	352,442	81,239	516,498	38,960	7,168	3,771,385
Accumulated depreciation									
As of 1 January 2018	264,000	66,383	123,661	192,501	51,208	272,826	25,575	7,167	1,003,321
Charge for the year	44,000	10,620	24,970	57,604	9,957	51,760	7,792	-	206,703
As of 31 December 2018	308,000	77,003	148,631	250,105	61,165	324,586	33,367	7,167	1,210,024
Net book value									
As of 31 December 2018	2,142,000	74,591	24,853	102,337	20,074	191,912	5,593	1	2,561,361

12. RIGHT-OF-USE ASSET

	Building RM	Total RM
Cost		
As of 1 January 2018/31 December 2018/ 1 January 2019	-	-
Addition	48,176	48,176
As of 31 December 2019	48,176	48,176
Accumulate depreciation		
As of 1 January 2018/31 December 2018/ 1 January 2019	-	-
Charge for the year	(13,382)	(13,382)
As of 31 December 2019	(13,382)	(13,382)
Net book value		
As of 31 December 2019	34,794	34,794

13. INVENTORIES

	2019 RM	2018 RM
At cost:		
Merchandise	-	41,664

14. OTHER RECEIVABLES AND DEPOSITS

	2019 RM	2018 RM
Other receivables	461,222	144,695
Deposits	36,120	13,580
	497,342	158,275

15. OTHER PAYABLES AND ACCRUALS

	2019 RM	2018 RM
Other payables	2,874,107	65,569
Accruals	126,870	1,637,041
	3,000,977	1,702,610

16. AMOUNT OWING TO RELATED PARTIES

The related parties and the relationship with the Organisation is as follow:

Name of related parties	Relationship
Islamic Relief Worldwide	The operation of Islamic Relief Malaysia is affiliated under Islamic Relief Worldwide
Islamic Relief Canada	The operation of Islamic Relief Canada is affiliated under Islamic Relief Worldwide

The amount owing to related parties, which arose mainly from non-trade transactions and payment made on behalf, is interest-free and repayable on demand.

17. LEASE LIABILITY

	2019 RM	2018 RM
Total outstanding	38,400	-
Less: Interest-in-suspense	(1,220)	-
Principal outstanding	37,180	-
Less: Amount due within 12 months	(37,180)	-
Non-current portion	-	-

The Organisation does not face a significant liquidity risk with regard to its lease liabilities. Lease liabilities are monitored within the Group's treasury function.

The table below details changes in the Organisation's liabilities arising from financing activities are those for which cash flows were, or future cash flow will be, classified in the Organisation's statement of cash flows as cash flow from financing activities:

	2019 RM	2018 RM
As of 1 January:		
Lease liabilities	-	-
Acquisition during the year:		
Lease liabilities	48,176	-
Repayment during the year:		
Lease liabilities	(10,996)	-
As of 31 December:		
Lease liabilities	37,180	-

18. **FINANCIAL INSTRUMENTS**

Categories of Financial Instruments and Fair Values

The table below provides an analysis of financial instruments categorised as follows:

	2019 RM	2018 RM
Financial assets		
At amortised cost:		
Other receivables and deposits	497,342	158,275
Cash and bank balances	3,794,568	1,420,218
Financial liabilities		
At amortised cost:		
Other payables and accruals	3,000,977	1,702,610
Amount owing to related parties	1,156,615	-
Lease liabilities	37,180	-

Financial Risk Management Objective and Policies

The operations of the Organisation are subject to a variety of financial risks, including liquidity risk and cash flow risk. The Organisation has formulated a financial risk management framework whose principal objective is to minimise the Organisation's exposure to risks and/or costs associated with the financing, investing and operating activities of the Organisation.

(a) **Credit Risk**

The Organisation does not hold any collateral and thus, the credit exposure is continuously monitored by the Trustees.

(b) **Liquidity Risk**

The Organisation practises prudent liquidity risk management to minimise the mismatch of financial assets and liabilities and to maintain sufficient credit facilities for contingent funding requirement of working capital.

Analysis of financial liabilities by remaining contractual maturities

The table below summarises the maturity profile of the Organisation's financial liability at the end of the reporting period based on undiscounted contractual repayment obligations.

	Carrying amount RM	Interest rate %	Contractual cash flows RM	Less than 1 year RM
31 December 2019				
Other payables and accruals	3,000,977	-	3,000,977	3,000,977
Amount owing to related parties	1,156,615	-	1,156,615	1,156,615
Lease liabilities	37,180	5.5	50,400	50,400
Total undiscounted financial liabilities	4,194,772		4,207,992	4,207,992
31 December 2018				
Other payables and accruals	1,702,610		1,702,610	1,702,610
Total undiscounted financial liabilities	1,739,790		1,753,010	1,753,010

(c) **Cash flow risk**

The Organisation reviews its cash flow position regularly to manage its exposure to fluctuations in future cash flows associated with its monetary financial instruments.

(d) **Fair Values**

	2019		2018	
	Carrying amount RM	**Fair value RM**	**Carrying amount RM**	**Fair value RM**
Financial liability				
Lease liabilities	37,180	36,950	-	-

The fair value of lease liabilities is estimated using discounted cash flows at the interest rates of 4.2%.

The fair value of other financial assets and liabilities of the Organisation as of 2019 and 2018 are not materially different from their carrying values due to the relatively short-term maturity of these financial instruments.

The table below analyses financial instruments by the various levels within the fair value hierarchy. It does not include those short term financial assets and financial liabilities where the carrying amounts are reasonable approximation of their fair values:

	Level 1 RM	**Level 2 RM**	**Level 3 RM**
31 December 2019			
Lease liabilities	-	-	36,950

19. SUBSEQUENT EVENTS

On 16 March 2020, Malaysia Government announced the imposition of Movement Control Order ("MCO") nationwide to curb the spread of the COVID-19 infection in Malaysia pursuant to the Prevention and Control of Infectious Diseases Act 1988 and the Police Act 1987.

Before this financial statement were made out, the Board of Trustees has considered the nature of the impact from an outbreak of COVID-19 in Malaysia, that may impact the financial position, performance and the cash flow of the Organisation ended on the reporting date thereon;

The Management concludes that the impact of non-adjusting events from the outbreak of COVID-19 is not significantly affecting the fair value of the financial assets and non-financial assets of the Organisation, including the classification of current and non-current items that presenting on the reporting date.

Given on the current economic circumstances, it is difficult for the Management to estimate the possible financial performance and its cash flow of the Organisation for the period ending on the next 12 months from the date of this report. However, the Management do indicate their intention to continue in operation and their continuing financial support to the Organisation to meet the payment obligation for the debts that fall due within the next twelve months from the date of this report.