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

TRUSTEES' REPORT
AND FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED
31 DECEMBER 2018
(In Ringgit Malaysia)

Organisation No. 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

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ISLAMIC RELIEF MALAYSIA
(Incorporated in Malaysia)

FINANCIAL STATEMENTS

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ISLAMIC RELIEF MALAYSIA
(Incorporated in Malaysia)

TRUSTEES' REPORT

The Trustees of **ISLAMIC RELIEF MALAYSIA,** hereby submit their report and the audited financial statements of the Organisation for the financial year ended 31 December 2018.

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:

	2018 **RM**
Deficit before tax	(3,825,456)
Tax expense	-
Deficit for the year	(3,825,456)

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 satisfied themselves that there were no known bad debts to be written off and that no allowance for doubtful debts was required; 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 require the writing off of bad debts or the setting up of allowance for doubtful debts in the financial statements of the Organisation; 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. Hosam 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.

Organisation No. 657354 - W

AUDITORS

The auditors, Adam & Co., have indicated their willingness to accept appointment.

AUDITOR'S REMUNERATION

The amount paid as remuneration of the auditors for the financial year ended 31 December 2018 is described in Note 7 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: 30 JUN 2020

Organisation No. 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 Standard 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 2018 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: 30 JUN 2020

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

I, **PROF. DR. AZNI BIN IDRIS (570912-03-5105)**, being the Director 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 30 JUN 2020

Before me,

COMMISSIONER FOR OATHS

PESURUHJAYA SUMPAH
PJS: B443
HAZLIN BINTI MOHAMED
01/01/2019-31/12/2021
MALAYSIA

NO. 29-2, 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 2018 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 11 to 31.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Organisation as of 31 December 2018, 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' Code of Ethics for Professional Accountants ("IESBA Code"), and we have fulfilled our other ethical responsibilities in accordance with the By-Laws and the IESBA Code.

(Forward)

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E-Mail
admin@adamco.my
URL
www.adamco.my

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.

(Forward)

- 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)

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.
Chartered Accountants (AF 1250)

ADAM SELAMAT BIN MUSA
Partner - 02019/03/2022 J
Chartered Accountant

Bandar Baru Bangi,
Date: 30 JUN 2020

ISLAMIC RELIEF MALAYSIA
(Incorporated in Malaysia)

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

	Note	2018 RM	2017 RM
Revenue	5	34,114,109	24,008,058
Cost of sales	6	(35,357,114)	(19,934,090)
Gross (deficit)/surplus		(1,243,005)	4,073,968
Administrative expenses		(2,582,451)	(1,203,012)
(Deficit)/Surplus before tax	7	(3,825,456)	2,870,956
Tax expense	9	-	-
(Deficit)/Surplus for the year, representing total comprehensive (loss)/income for the year		(3,825,456)	2,870,956

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

Organisation No. 657354 - W

ISLAMIC RELIEF MALAYSIA
(Incorporated in Malaysia)

STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2018

	Note	2018 RM	2017 RM
ASSETS			
Non-current asset			
Property, plant and equipment	10	2,561,361	2,649,016
Current Assets			
Inventories	11	41,664	104,286
Other receivables and deposits	12	158,275	254,231
Cash and bank balances		1,420,218	3,985,547
Total Current Assets		1,620,157	4,344,064
TOTAL ASSETS		4,181,518	6,993,080
FUND AND LIABILITY			
Fund			
Accumulated funds surplus		2,478,908	6,304,364
Current Liability			
Other payables and accruals	13	1,702,610	688,716
TOTAL FUND AND LIABILITY		4,181,518	6,993,080

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 2018

	RM
As of 1 January 2017	3,433,408
Surplus for the year, representing total comprehensive income for the year	2,870,956
As of 31 December 2017	6,304,364
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

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

ISLAMIC RELIEF MALAYSIA
(Incorporated in Malaysia)

STATEMENT OF CASH FLOWS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

	2018 RM	2017 RM
CASH FLOWS (USED IN)/GENERATED FROM OPERATING ACTIVITIES		
(Deficit)/Surplus before tax	(3,825,456)	2,870,956
Adjustments for:		
Depreciation of property, plant and equipment	206,703	192,452
Inventories written off	18,218	-
Operating (Deficit)/Surplus Before Working Capital Changes	(3,600,535)	3,063,408
Decrease in:		
Inventories	44,404	49,908
Other receivables and deposits	95,956	3,636
Increase/(Decrease) in other payables and accruals	1,013,894	(620,397)
Net Cash (Used In)/Generated From Operating Activities	(2,446,281)	2,496,555
CASH FLOWS USED IN INVESTING ACTIVITY		
Purchase of property, plant and equipment	(119,048)	(234,448)
Net Cash Used In Investing Activity	(119,048)	(234,448)
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS	(2,565,329)	2,262,107
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	3,985,547	1,723,440
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR (REPRESENTING CASH AND BANK BALANCES)	1,420,218	3,985,547

The accompanying notes form an integral part of these 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 30 JUN 2020

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 2018 as follows:

MFRS 9	Financial Instruments
MFRS 15	Revenue from Contracts with Customers
Amendments to MFRSs	Annual Improvements to MFRSs 2014 - 2016 Cycle
IC Interpretation 22	Foreign Currency Transactions and Advance Consideration

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:

MFRS 16	Leases[1]
MFRS 17	Insurance Contracts[3]
MFRSs	Amendment to References to the Conceptual Framework in MFRS Standards[2]
Amendments to MFRS 9	Prepayment Features with Negative Compensation[1]
Amendments to MFRSs	Annual Improvements to MFRSs 2015 - 2017 Cycle[1]
Amendments to MFRS 3	Definition of a Business[2]
Amendments to MFRS 101 and MFRS 108	Definition of Material[2]
Amendments to MFRS 9, MFRS 139 and MFRS 7	Interest Rate Benchmark Reform[2]
IC Interpretation 23	Uncertainty over Income Tax Payments[1]

[1] Effective for annual periods beginning on or after 1 January 2019, with earlier application permitted.
[2] Effective for annual periods beginning on or after 1 January 2020, with earlier application permitted.
[3] Effective for annual periods beginning on or after 1 January 2021, 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:

MFRS 16 Leases

MFRS 16 Leases supersedes MFRS 117 Leases and the related interpretations. Under MFRS 16, a lease is a contract (or part of a contract) that conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

MFRS 16 eliminates the classification of leases by the lessee as either finance leases (on balance sheet) or operating leases (off balance sheet). MFRS 16 requires a lessee to recognise a "right-of-use" of the underlying assets and lease liability reflecting future lease payments for most leases.

The right-of-use asset is depreciated in accordance with the principle in MFRS 116 Property, Plant and Equipment and the lease liability is accreted over time with interest expense recognised in the income statement.

For lessors, MFRS 16 retains most of the requirements in MFRS 117. Lessors continue to classify all leases as either operating leases or finance leases, and account for them differently.

A lessee can choose to apply the standard using either a full retrospective or a modified retrospective transition approach. MFRS 16 is effective for annual periods beginning on or after 1 January 2019, with early application permitted, but not before an entity applies MFRS 15.

The Trustees anticipate that the application of MFRS 16 in the future may have a material impact on the amount reported and disclosures made in these financial statements. However, it is not practicable to provide a reasonable estimate of the effect of MFRS 16 until the Organisation complete a detailed review.

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.

The principal accounting policies adopted are set out below:

Revenue Recognition

Revenue from contracts with customers is recognised by reference to each distinct performance obligation in the contract with customers and are measured at its transaction price, being the amount of consideration which the Organisation expects to be entitled in exchange for transferring promised goods or services to a customer, net of goods and service tax, returns, rebates, and discounts. Transaction price is allocated to each performance obligation on the basis of the relative standalone selling prices of each distinct good or services promised in the contract. Depending on the substance of the contract, revenue is recognised when the performance obligation is satisfied, which may be at a point in time or over time.

(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.

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

	2018 RM	2017 RM
International appeals and programmes donation	24,497,934	9,315,496
Local appeals and programmes donation	9,384,978	14,482,524
Unrestricted donation	67,471	17,994
Sales of merchandise	163,726	192,044
	34,114,109	24,008,058

6. COST OF SALES

	2018 RM	2017 RM
Fundraising and awareness campaigns	1,822,034	1,358,244
International programmes	26,727,375	8,548,373
Local programmes	5,605,099	8,899,527
Merchandise goods	20,255	49,908
Staff costs (Note 8)	1,056,899	1,005,022
Volunteer programmes and other charitable expenditures	125,452	73,016
	35,357,114	19,934,090

7. (DEFICIT)/SURPLUS BEFORE TAX

	2018 RM	2017 RM
Auditors' remuneration	6,500	6,500
Depreciation of property, plant and equipment (Note 10)	206,703	192,452
Inventories written off	18,218	-
Rental of warehouse	50,718	50,400
Staff costs (Note 8)	2,972,572	1,550,780

8. STAFF COSTS

	2018 RM	2017 RM
Cost of sales:		
Salaries, wages and allowances	930,071	988,692
Defined contribution plans	126,828	16,330
	1,056,899	1,005,022
Administrative expenses:		
Salaries, wages and allowances	1,702,628	388,629
Defined contribution plans	213,045	69,670
Bonus	-	87,459
	1,915,673	545,758
	2,972,572	1,550,780

9. TAX EXPENSE

No provision has been made for taxation as the Organisation is a charitable institution which is exempted from tax by virtue of Section 127(1) of the Income Tax Act, 1967 (Paragraph 13 (1)(a) of Schedule 6).

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

	2018 RM	2017 RM
(Deficit)/Surplus before tax	(3,825,456)	2,870,956
Tax at statutory tax rate of 18% (2017: 18%)	(688,582)	516,772
Tax effects of:		
Expenses not deductible for tax purposes	6,829,122	3,804,678
Income not subject to tax	(6,140,540)	(4,321,450)
Tax expense	-	-

10. 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 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

	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 2017	2,450,000	79,227	158,484	160,430	60,907	462,713	38,960	7,168	3,417,889
Additions	-	36,807	-	192,012	3,753	1,876	-	-	234,448
As of 31 December 2017	2,450,000	116,034	158,484	352,442	64,660	464,589	38,960	7,168	3,652,337
Accumulated depreciation									
As of 1 January 2017	220,000	59,437	101,581	134,896	43,748	226,257	17,783	7,167	810,869
Charge for the year	44,000	6,946	22,080	57,605	7,460	46,569	7,792	-	192,452
As of 31 December 2017	264,000	66,383	123,661	192,501	51,208	272,826	25,575	7,167	1,003,321
Net book value									
As of 31 December 2017	2,186,000	49,651	34,823	159,941	13,452	191,763	13,385	1	2,649,016

11. INVENTORIES

	2018 RM	2017 RM
At cost:		
Merchandise	41,664	104,286

12. OTHER RECEIVABLES AND DEPOSITS

	2018 RM	2017 RM
Other receivables	144,695	240,651
Deposits	13,580	13,580
	158,275	254,231

13. OTHER PAYABLES AND ACCRUALS

	2018 RM	2017 RM
Other payables	65,569	50,404
Accruals	1,637,041	638,312
	1,702,610	688,716

14. FINANCIAL INSTRUMENTS

Categories of Financial Instruments and Fair Values

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

	2018 RM	2017 RM
Financial assets		
At amortised cost:		
Other receivables and deposits	158,275	254,231
Cash and bank balances	1,420,218	3,985,547
Financial liability		
At amortised cost:		
Other payables and accruals	1,702,610	688,716

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	**Contractual cash flows RM**	**Less than 1 year RM**
31 December 2018			
Other payables and accruals	1,702,610	1,702,610	1,702,610
Total undiscounted financial liability	1,702,610	1,702,610	1,702,610
31 December 2017			
Other payables and accruals	688,716	688,716	688,716
Total undiscounted financial liability	688,716	688,716	688,716

(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**

The carrying amounts of financial assets and financial liabilities of the Organisation approximate their fair values because of the short-term maturity of these instruments.