SEJAHTERA

Building Sustainable Communities

2018
Trustees' Report and Audited Financial Statements

CONTENTS

TRUSTEES' REPORT & AUDITED FINANCIAL STATEMENT

YAYASAN SEJAHTERA (INCORPORATED IN MALAYSIA)

TRUSTEES' REPORT

The Trustees' hereby present their report together with the audited financial statements of the Yayasan Sejahtera ("the Foundation") for the financial year ended 31 December 2018.

PRINCIPAL ACTIVITY

The principal activity of the Foundation is to address extreme poverty based on sustainable living approach which encompasses sustainable livelihood or skills development programme, access to education and social services/amenities and provision of habitable homes. There has been no significant change in the nature of the principal activity during the financial year.

RESULTS

	RM
Net surplus for the year	57,951

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

In the opinion of the Trustees, the results of the operations of the Foundation during the financial year were not substantially affected by any item, transaction or event of a material and unusual nature, other than as disclosed in the notes to the financial statements.

DIVIDEND

The Foundation, being a company limited by guarantee, is not allowed to pay or declare dividends to its permanent member in accordance with the requirements of the Companies Act, 2016 in Malaysia.

TRUSTEES

The name of the Trustees of the Foundation in office since the date of the last report and at the date of this report are:

Tan Sri Faizah binti Mohd Tahir
Puan Sri Ng Siew Yong
Prof. Dr. Sulochana Nair a/p Kutiri Raman Nair
Shahira binti Ahmed Bazari
Shareen Shariza binti Dato' Abd Ghani
Datuk Mohamed Azmi Bin Mahmood (appointed on 17 December 2018)

TRUSTEES' BENEFITS

Neither at the end of the financial year, nor at any time during that year, did there subsist any arrangement to which the Foundation is a party, whereby the Trustees might acquire benefits by means of the acquisition of shares in or debentures of the Foundation or any other body corporate.

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

TRUSTEES' INTERESTS

According to the register of Trustees' shareholdings, none of the Trustees in office at the end of the financial year had any interest in shares in the Foundation or its related corporations during the financial year.

OTHER STATUTORY INFORMATION

(a) Before the statement of comprehensive income and statement of financial position of the Foundation were made out, the Trustees took reasonable steps:

  (i) 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 and that no allowance for impairment is necessary; and

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

(b) At the date of this report, the Trustees are not aware of any circumstances which would render:

  (i) it necessary to write off any bad debts or to make any allowance for impairment in respect of the financial statements of the Foundation; and

  (ii) the values attributed to current assets in the financial statements of the Foundation misleading.

(c) At the date of this report, the Trustees are not aware of any circumstances which have arisen which would render adherence to the existing method of valuation of assets or liabilities of the Foundation misleading or inappropriate.

(d) At the date of this report, the Trustees are not aware of any circumstances not otherwise dealt with in this report or the financial statements of the Foundation which would render any amount stated in the financial statements misleading.

OTHER STATUTORY INFORMATION (CONT'D.)

(e) As at the date of this report, there does not exist:

(i) any charge on the assets of the Foundation which has arisen since the end of the financial year which secures the liabilities of any other person; or

(ii) any contingent liability in respect of the Foundation which has arisen since the end of the financial year.

(f) In the opinion of the Trustees:

(i) no contingent liability of other liability has become enforceable or is likely to become enforceable within the period of twelve months after the end of the financial year which will or may affect the ability of the Foundation to meet its obligations as and when they fall due; and

(ii) 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 the Foundation for the financial year in which this report is made.

AUDITORS

The auditors, Ernst & Young, have expressed their willingness to continue in office. Auditors' remuneration are disclosed in the statement of comprehensive income.

To the extent permitted by law, the Foundation has agreed to indemnify its auditors, Ernst & Young, as part of the terms of its audit engagement against claims by third parties arising from the audit (for an unspecified amount). No payment has been made to indemnify Ernst & Young during the financial year.

Signed on behalf of the Board in accordance with a resolution of the Trustees dated 29 June 2019.

Tan Sri Faizah binti Mohd Tahir **Shahira Binti Ahmed Bazari**

Kuala Lumpur, Malaysia

STATEMENT BY TRUSTEES
PURSUANT TO SECTION 251(2) OF THE COMPANIES ACT, 2016

We, Tan Sri Faizah binti Mohd Tahir and Shahira Binti Ahmed Bazari, being two of the Trustees of Yayasan Sejahtera, do hereby state that, in our opinion, the accompanying financial statements set out on pages 31 to 52 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 Foundation as at 31 December 2018 and of the financial performance and cash flows of the Foundation for the year then ended.

Signed on behalf of the Board in accordance with a resolution of the Trustees dated 29 June 2019.

Tan Sri Faizah binti Mohd Tahir **Shahira binti Ahmed Bazari**

Kuala Lumpur, Malaysia

STATUTORY DECLARATION
PURSUANT TO SECTION 251(1)(B) OF THE COMPANIES ACT, 2016

I, Suheilah Abu Bakar, being the officer primarily responsible for the financial management of Yayasan Sejahtera, do solemnly and sincerely declare that the accompanying financial statements set out on pages 31 to 52 are in my opinion correct, and I make the solemn declaration conscientiously believing the same to be true and by virtue of the provisions of the Statutory Declarations Act, 1960.

Subscribed and solemnly declared by
the abovenamed Suheilah Abu Bakar
at Kuala Lumpur in the Federal Territory
on 29 June 2019.

Suheilah Abu Bakar

Before me,

INDEPENDENT AUDITORS' REPORT
TO THE MEMBER OF YAYASAN SEJAHTERA

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Opinion

We have audited the financial statements of Yayasan Sejahtera ("the Foundation"), which comprise the statement of financial position as at 31 December 2018, and statement of 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 31 to 52.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Foundation as at 31 December 2018, and of its financial performance and 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 statements* section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Independence and other ethical responsibilities

We are independent of the Foundation in accordance with the By-Laws (on Professional Ethics, Conduct and Practice) of the Malaysian Institute of Accountants ("By-Laws") and the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants ("IESBA Code"), and we have fulfilled our other ethical responsibilities in accordance with the By-Laws and the IESBA Code.

Information other than the financial statements and auditors' report thereon

The Trustees of the Foundation are responsible for the other information. The other information comprises the annual report, but does not include the financial statements of the Foundation and our auditors' report thereon, which is expected to be made available to us after the date of this auditors' report.

Our opinion on the financial statements of the Foundation does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements of the Foundation, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements of the Foundation or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed on the other information that we obtained prior to the date of this auditors' report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

When we read the annual report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to the Trustees and take appropriate action.

Responsibilities of the Trustees for the financial statements

The Trustees of the Foundation are responsible for the preparation of financial statements of the Foundation 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 in Malaysia. The Trustees are also responsible for such internal control as the Trustees determine is necessary to enable the preparation of financial statements of the Foundation that are free from material misstatement, whether due to fraud or error.

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

Auditors' responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements of the Foundation 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 Foundation, 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 Foundation'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 Foundation'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 Foundation 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 Foundation to cease to continue as a going concern.

Auditors' responsibilities for the audit of the financial statements (cont'd.)

- Evaluate the overall presentation, structure and content of the financial statements of the Foundation, including the disclosures, and whether the financial statements of the Foundations 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.

OTHER MATTERS

This report is made solely to the member of the Foundation, 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 content of this report.

Ernst & Young
AF: 0039
Chartered Accountants

Ahmad Qadri Bin Jahubar Sathik
No. 03254/05/2020 J
Chartered Accountant

Kuala Lumpur, Malaysia
29 June 2019

STATEMENT OF COMPREHENSIVE INCOME
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

	Note	2018 RM	2017 RM
INCOME			
Government grant	3	62,999	258,321
Donations/contributions	4	1,789,724	2,788,595
Interest income	5	55,158	57,333
		1,907,881	3,104,249
EXPENDITURE			
Project costs		395,871	1,907,357
Staff costs	6	1,068,702	757,505
Staff training		11,267	6,742
Marketing and communications		64,570	36,193
Travelling expenses		64,854	67,513
Professional fees		17,915	18,794
Auditors' remuneration			
- audit fees		13,000	13,000
- others		6,000	6,000
Depreciation	8	58,455	47,920
Property and equipment written off	8	3	3,557
Office rental		73,800	76,320
Office utilities		32,322	37,171
Trustees expenses		3,024	19,500
Other expenses		40,147	37,604
		1,849,930	3,035,176
Surplus before taxation		57,951	69,073
Taxation	7	-	-
Net surplus for the year, representing total comprehensive income for the year		57,951	69,073

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2018

	Note	2018 RM	2017 RM
Non-current asset			
Property and equipment	8	75,845	112,894
Current assets			
Other receivables	9	135,907	295,237
Cash and bank balances	10	3,710,273	3,265,529
		3,846,180	3,560,766
Current liabilities			
Other payables	11	48,298	252,068
Deferred income	12	1,229,375	772,192
		1,277,673	1,024,260
Net current assets		2,568,507	2,536,506
		2,644,352	2,649,400
Represented by:			
Contribution from members	13	-	-
Retained surplus		1,885,339	1,827,388
		1,885,339	1,827,388
Non-current liability			
Government grant	3	759,013	822,012
		2,644,352	2,649,400

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

STATEMENT OF CHANGES IN EQUITY
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

	Contribution from members RM	Retained surplus RM	Total RM
At 1 January 2018	-	1,827,388	1,827,388
Total comprehensive income for the year	-	57,951	57,951
At 31 December 2018	-	1,885,339	1,885,339
At 1 January 2017	-	1,758,315	1,758,315
Total comprehensive income for the year	-	69,073	69,073
At 31 December 2017	-	1,827,388	1,827,388

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

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

	2018 RM	2017 RM
Cash flows from operating activities		
Surplus before taxation	57,951	69,073
Adjustments for:		
Interest income	(55,158)	(57,333)
Depreciation	58,455	47,920
Property and equipment written off	3	3,557
Amortisation of government grant	(62,999)	(258,321)
Donations/contributions recognised in profit and loss	(1,789,724)	(2,788,595)
Operating loss before working capital changes	(1,791,472)	(2,983,699)
(Increase)/decrease in receivables	(9,811)	44,858
Decrease in payables	(203,770)	(598,941)
Net cash used in operating activities	(2,005,053)	(3,537,782)
Cash flows from financing activities		
(Placements of)/proceeds from deposits with a licensed bank	(54,313)	536,887
Purchase of property and equipment	(21,409)	(41,849)
Interest received	54,313	79,824
Net cash (used in)/generated from investing activities	(21,409)	574,862
Cash flow from financing activity		
Donations received, representing net cash generated from financing activity	2,416,893	2,822,039
Net changes in cash and cash equivalents	390,431	(140,881)
Cash and cash equivalents at beginning of year	1,704,935	1,845,816
Cash and cash equivalents at end of year	2,095,366	1,704,935

Cash and cash equivalents comprise of (Note 10):

Cash at bank	2,095,366	1,704,935

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

1. CORPORATE INFORMATION

The principal activity of the Foundation is to address extreme poverty based on sustainable living approach which encompasses sustainable livelihood or skills development programme, access to education and social services/amenities and provision of habitable homes. There has been no significant change in the nature of the principal activity during the financial year.

The Foundation was incorporated on 7 August 2009 and is a company limited by guarantee, incorporated and domiciled in Malaysia. The registered office of the Foundation is located at Yayasan Sejahtera, Level 2, Block E, No. 10, Wisma RKT, Jalan Raja Abdullah, Off Jalan Sultan Ismail, 50300 Kuala Lumpur.

The financial statements were authorised for issue by the Board of Trustees in accordance with a resolution of the Trustees on 29 June 2019.

2. SIGNIFICANT ACCOUNTING POLICIES

2.1 Basis of preparation

The financial statements of the Foundation have been prepared in accordance with the provisions of the Companies Act, 2016 and with the Malaysian Financial Reporting Standards ("MFRSs"), which is in compliance with the International Financial Reporting Standards ("IFRS"), issued by the International Accounting Standards Board ("IASB").

The financial statements have been prepared on a historical cost basis, except when otherwise indicated.

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

2.2 Changes in accounting policies

The new and amended MFRSs which are mandatory for companies with financial year beginning on or after 1 January 2018 did not give rise to any significant effect on the financial statements of the Foundation.

2.3 Standards issued but not yet effective

The Trustees expect that the new MFRSs which are issued but not yet effective for the financial year ended 31 December 2018 will not have a material impact on the financial statements of the Foundation in the period of initial application, except as described below:

(a) MFRS 16 Leases

MFRS 16 will replace MFRS 117 Leases, IC Interpretation 4 Determining whether an Arrangement contains a Lease, IC Interpretation 115 Operating Lease – Incentives and IC Interpretation 127 Evaluating the Substance of Transactions Involving the Legal Form of a Lease. MRFS 16 sets out the principles for the recognition, measurement, presentation and disclosure of leases and required lessees to account for all leases under a single on-balance sheet model similar to the accounting for finance leases under MFRS 117.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

2.3 Standards issued but not yet effective (cont'd.)

(a) MFRS 16 Leases (cont'd.)

At the commencement date of a lease, a lessee will recognize a liability to make lease payments and an asset representing the right to use the underlying asset during the lease term. Lessees will be required to recognised interest expense on the lease liability and the depreciation expense on the right-of-use asset.

Lessor accounting under MFRS 16 is substantially the same as the accounting under MFRS 117. Lessors will continue to classify all leases using the same classification principle as in MFRS 117 and distinguish between two types of leases: operating and finance leases.

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

The Foundation is currently assessing the financial implication of MFRS 16.

2.4 Significant accounting estimates and judgments

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

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

2.5 Summary of significant accounting policies

(a) Property and equipment, and depreciation

All items of property and equipment are initially recorded at cost. The cost of an item of property and equipment is recognised as an asset if, and only if, it is probable that future economic benefits associated with the item will flow to the Foundation and the cost of the item can be measured reliably.

Subsequent to recognition, property and equipment are stated at cost less accumulated depreciation and any accumulated impairment losses.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

2.5 Summary of significant accounting policies (cont'd.)

(a) Property and equipment, and depreciation (cont'd.)

When significant parts of property and equipment are required to be replaced in intervals, the Foundation recognises such parts as individual assets with specific useful lives and depreciation, respectively. Likewise, when a major inspection is performed, its cost is recognised in the carrying amount of the property and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognised in profit or loss as incurred.

Depreciation of the property and equipment is computed on a straight-line basis over the estimated useful life of the assets as follows:

Renovation	33%
Computer equipment	33%
Office equipment	33%
Motor vehicle	20%

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

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

(b) Impairment of non-financial assets

The Foundation assesses at each reporting date whether there is an indication that an asset may be impaired. If any such indication exists, or when an annual impairment assessment for an asset is required, the Foundation makes an estimate of the asset's recoverable amount.

An asset's recoverable amount is the higher of an asset's fair value less costs to sell and its value in use. For the purpose of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units ("CGU")).

In assessing value in use, the estimated future cash flows expected to be generated by the asset are discounted to their present value using pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. When the carrying amount of an asset exceeds its recoverable amount, the asset is written down to its recoverable amount. Impairment losses recognised in respect of a CGU or groups of CGUs are allocated to those units or groups of units and then, to reduce the carrying amount of the other assets in the unit or groups of units on a pro-rata basis.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

2.5 Summary of significant accounting policies (cont'd.)

(b) Impairment of non-financial assets (cont'd.)

Impairment losses are recognised in profit or loss.

An assessment is made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. A previously recognised impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognized. If that is the case, the carrying amount of the asset is increased to its recoverable amount. That increase cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised previously. Such reversal is recognised in profit or loss.

(c) Financial assets

Policy applicable from 1 January 2018

(i) Initial recognition and initial measurement

Financial assets are classified, at initial recognition, as subsequently measured at amortised cost, fair value through other comprehensive income ("OCI"), or fair value through profit or loss.

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Foundation's business model for managing them. With the exception of receivables that do not contain a significant financing component or for which the Foundation has applied the practical expedient, the Foundation initially measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs.

In order for a financial asset to be classified and measured at amortised cost or fair value through OCI, it needs to give rise to cash flows that are solely payments of principal and interest ("SPPI") on the principal amount outstanding. This assessment is referred to as the SPPI test and is performed at an instrument level.

The Foundation's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both.

Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognised on the trade date, i.e., the date that the Foundation commits to purchase or sell the asset.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

2.5 Summary of significant accounting policies (cont'd.)

(c) Financial assets (cont'd.)

Policy applicable from 1 January 2018 (cont'd.)

(ii) Classification and subsequent measurement

For purposes of subsequent measurement, the Foundation has classified financial assets into financial assets at amortised cost (debt instruments).

(a) Financial assets at amortised cost (debt instruments)

The Foundation measures financial assets at amortised cost if both of the following conditions are met:

- 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; and

- The financial asset is held within a business model with the objective to hold the financial asset in order to collect contractual cash flows.

Financial assets at amortised cost are subsequently measured using the effective interest ("EIR") method and are subject to impairment. Gains and losses are recognised in profit or loss when the asset is derecognised, modified or impaired.

The Foundation's financial assets at amortised cost includes cash and bank balances and other receivables.

(d) Impairment of financial assets

Policy applicable before 1 January 2018

(a) Receivables

Financial assets with fixed or determinable payments that are not quoted in an active market are classified as receivables. The Foundation's receivables include other receivables.

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

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

2.5 Summary of significant accounting policies (cont'd.)

(d) Impairment of financial assets (cont'd.)

Policy applicable before 1 January 2018 (cont'd.)

(iii) Derecognition of financial assets

A financial asset (or, where applicable a part of a financial asset or part of a group of similar financial assets) is derecognised when:

- the rights to receive cash flows from the asset have expired; or

- the Foundation has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a "pass-through" arrangement; and either:

  (a) the Foundation has transferred substantially all the risk and rewards of the asset, or

  (b) the Foundation has neither transferred nor retained substantially all the risks and rewards of the asset, but have transferred control of the asset.

Policy applicable from 1 January 2018

(i) Overview of expected credit loss ("ECL")

The Foundation recognises an allowance for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Foundation expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

(ii) Calculation of ECL

The Foundation applies a simplified approach in calculating ECL. Therefore, the Foundation does not track changes in credit risk, but instead recognised a loss allowance based on lifetime ECL at each reporting date. The Foundation has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

2.5 Summary of significant accounting policies (cont'd.)

(d) Impairment of financial assets (cont'd.)

Policy applicable before 1 January 2018

(i) Receivables carried at amortised cost

To determine whether there is objective evidence that an impairment loss on financial assets has been incurred, the Foundation considers factors such as the probability of insolvency or significant financial difficulties of the debtor and default or significant delay in payments.

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

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

(e) Financial liabilities

(i) Initial recognition and initial measurement

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

Financial liabilities are recognised in the statement of financial position when, and only when, the Foundation becomes a party to the contractual provisions of the financial instrument.

(ii) Classification and subsequent measurement

(a) Financial liabilities at amortised cost

After initial measurement, payables and borrowings are subsequently measured at amortised cost using the effective interest method. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR.

Gains and losses on liabilities are recognised in the statement of profit or loss when the liabilities are derecognised as well as through the EIR amortisation process.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

2.5 Summary of significant accounting policies (cont'd.)

(e) Financial liabilities (cont'd.)

(iii) Derecognition of financial liabilities

A financial liability is derecognised when the obligation under the liability is discharged, cancelled or expired.

When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the statement of profit or loss.

(f) Cash and cash equivalents

For the purposes of the statement of cash flows, cash and cash equivalents include cash at bank which have an insignificant risk of changes in value.

(g) Employee benefits

(i) Short-term benefits

Wages, salaries, bonuses and social security contributions are recognised as an expense in the year in which the associated services are rendered by employees. 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 occur.

(ii) Defined contribution plan

Defined contribution plans are post-employment benefits plan under which the Foundation pays fixed contribution into separate entities or fund and will have no legal on constructive obligation to pay further contributions if any of the funds do not hold sufficient assets to pay all employee benefits relating to employee services in the current financial period. Such contributions are recognised as an expense in the profit and loss as incurred. As required by law, companies in Malaysia make such contributions to the Employees Provident Fund ("EPF").

(h) Equity instruments

Contribution from members are classified as equity.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

2.5 Summary of significant accounting policies (cont'd.)

(i) Government grant

Government grant is recognised initially at their fair value in the statement of financial position where there is reasonable assurance that the grant will be received and all attaching conditions will be complied with. Grant that compensates the Foundation for expenses incurred is recognized as income over the periods necessary to match the grant on a systematic basis to the costs that it is intended to compensate. Grant that compensates the Foundation for the cost of an asset is recognised as income on a systematic basis over the useful life of the asset.

(j) Key management personnel

Key management personnel is defined as those persons having authority and responsibility for planning, directing and controlling the activities of the Foundation either directly or indirectly. All Board of Trustees and the Chief Operating Officer of the Foundation are considered key management personnel.

(k) Income recognition

Income is recognised to the extent that it is probable that the economic benefits will flow to the Foundation and the income can be reliably measured.

(i) Interest income

Interest income is recognised on accrual basis using the effective interest method.

(ii) Donations/contributions

Donations/contributions are recognised when the Foundation's rights to receive the payment is established or conditions attached to the donations/contributions have been fulfilled. Donation is recognised initially as deferred income and will be recognised as income in profit or loss as and when expenses are incurred.

(l) Leases

(a) As lessee

Finance leases, which transfer to the Foundation substantially all the risks and rewards incidental to ownership of the leased item, are capitalised at the inception of the lease at the fair value of the leased asset or, if lower, at the present value of the minimum lease payments. Any initial direct costs are also added to the amount capitalised. Lease payments are apportioned between the finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are charged to profit or loss. Contingent rents, if any, are charged as expenses in the periods in which they are incurred.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

2.5 Summary of significant accounting policies (cont'd.)

(l) Leases (cont'd.)

(a) As lessee (cont'd.)

Leased assets are depreciated over the estimated useful life of the asset. However, if there is no reasonable certainty that the Foundation will obtain ownership by the end of the lease term, the asset is depreciated over the shorter of the estimated useful life and the lease term.

Operating lease payments are recognised as an expense in profit or loss on a straight-line basis over the lease term. The aggregate benefit of incentives provided by the lessor is recognised as a reduction of rental expense over the lease term on a straight-line basis.

3. GOVERNMENT GRANT

	2018 RM	2017 RM
At 1 January	822,012	1,080,333
Amortised to profit or loss	(62,999)	(258,321)
At 31 December	759,013	822,012

4. DONATIONS/CONTRIBUTIONS

	2018 RM	2017 RM
Project funds (Note 9)	76,324	1,907,357
Non-projects funds (Note 12)	1,685,719	869,498
Donations/corporates contributions	27,681	11,740
	1,789,724	2,788,595

5. INTEREST INCOME

Interest income relates to interest earned from the Foundation's fixed deposits account and current accounts.

6. STAFF COSTS

	2018 RM	2017 RM
Included in:		
Project costs	72,065	613,374
Statement of comprehensive income	1,068,702	757,505
	1,140,767	1,370,879
Wages and salaries	873,783	895,197
Statutory contribution to Employees Provident Fund and social security	175,028	190,948
Other allowances	91,956	284,734
	1,140,767	1,370,879

Included in staff costs is remuneration of the Chief Operating Officer, amounting to RM234,278 (2017: RM220,730).

7. TAXATION

The Foundation has been granted tax exemption status on all gross income except dividend income under Section 44(6) of the Income Tax Act, 1967, from the year of 2011 onwards.

8. PROPERTY AND EQUIPMENT

	Renovation RM	Computer equipment RM	Office equipment RM	Motor vehicle RM	Total RM
At 31 December 2018					
Cost					
At 1 January 2018	57,700	99,023	69,248	122,501	348,472
Additions	-	13,731	7,678	-	21,409
Written off	-	(8,271)	(20,418)	-	(28,689)
At 31 December 2018	57,700	104,483	56,508	122,501	341,192
Accumulated depreciation					
At 1 January 2018	23,800	73,601	43,495	94,682	235,578
Depreciation charge for the year	19,041	9,617	13,106	16,691	58,455
Written off	-	(8,268)	(20,418)	-	(28,686)
At 31 December 2018	42,841	74,950	36,183	111,373	265,347
Net carrying amount					
At 31 December 2018	14,859	29,533	20,325	11,128	75,845
At 31 December 2017					
Cost					
At 1 January 2017	57,700	84,279	61,347	122,501	325,827
Additions	-	25,534	16,315	-	41,849
Written off	-	(10,790)	(8,414)	-	(19,204)
At 31 December 2017	57,700	99,023	69,248	122,501	348,472

8. PROPERTY AND EQUIPMENT (CONT'D.)

	Renovation RM	Computer equipment RM	Office equipment RM	Motor vehicle RM	Total RM
At 31 December 2017					
Accumulated depreciation					
At 1 January 2017	4,759	81,127	40,077	77,342	203,305
Depreciation charge for the year	19,041	3,259	8,280	17,340	47,920
Written off	-	(10,785)	(4,862)	-	(15,647)
At 31 December 2017	23,800	73,601	43,495	94,682	235,578
Net carrying amount					
At 31 December 2017	33,900	25,422	25,753	27,819	112,894

9. OTHER RECEIVABLES

	Note	2018 RM	2017 RM
Deposits		26,960	32,187
Prepayments		55,881	40,843
Interest receivable		53,066	52,221
Donation receivable	(i)		
- At 1 January		169,986	242,809
- Received during the year		(246,310)	(1,198,100)
- Amortised to profit & loss		76,324	1,125,080
- Adjustment on fund received and amortised in 2016		-	197
- At 31 December		-	169,986
Total other receivables		135,907	295,237
Add: Cash and bank balances	10	3,710,273	3,265,529
Less: Prepayments		55,881	40,843
Total financial assets at amortised cost/loans and receivables		3,790,299	3,519,923

(i) Amount is in relation to contribution due from a sponsor.

10. CASH AND BANK BALANCES

	2018 RM	2017 RM
Cash at bank, representing cash and cash equivalent	2,095,366	1,704,935
Deposits with a licensed bank with original maturity more than 90 days	1,614,907	1,560,594
Total cash and bank balances	3,710,273	3,265,529

	WAEIR per annum		Average maturity	
	2018 %	2017 %	2018 Days	2017 Days
Deposits	3.48	3.60	364	366

11. OTHER PAYABLES

	2018 RM	2017 RM
Accruals	19,000	21,109
Other payables	29,298	230,959
	48,298	252,068

Other payables are interest free and are normally settled on an average term of 30 days (2017: average term of 30 days).

12. DEFERRED INCOME

	2018 RM	2017 RM
At 1 January	772,192	811,571
Received during the year	2,142,902	1,612,396
Amortised to profit or loss	(1,685,719)	(1,651,775)
At 31 December	1,229,375	772,192

Deferred income related to donations received, where the conditions attached to the usage of the donations have yet to be fulfilled as at the reporting date.

13. CONTRIBUTION FROM MEMBERS

The members undertake to contribute, not exceeding RM100, to the assets of the Foundation in the event of the Foundation being wound up.

14. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The carrying amounts of the financial assets and liabilities in the statement of financial position by the class of financial instruments are disclosed below:

	Financial assets/ liability at amortised cost RM	Loans and receivables/ other liability RM	Total RM
2018			
Financial assets			
Other receivables	3,790,299	-	3,790,299
Cash and bank balances	3,710,273	-	3,710,273
	7,500,572	-	7,500,572
Financial liability			
Other payables	29,298	-	29,298
2017			
Financial assets			
Other receivables	-	3,519,923	3,519,923
Cash and bank balances	-	3,265,529	3,265,529
	-	6,785,452	6,785,452
Financial liability			
Other payables	-	230,959	230,959

The Foundation's financial risk management policy seeks to ensure that adequate financial resources are available for the achievement of the Foundation's objectives and principal activities whilst managing its liquidity risk, credit risk and interest rate risk.

(a) Liquidity risk

Liquidity risk is the risk that funds will not be available to meet liabilities as and when they fall due. The Foundation actively manages this risk by maintaining good governance over the cash management of the Government grant and contribution received from third parties, and operates within clearly defined guidelines that are approved by the Trustees.

14. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONT'D.)

(a) Liquidity risk (cont'd.)

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

	Within one year	
	2018	**2017**
	RM	**RM**
Other payables	48,298	252,068

(b) Credit risk

Credit risk is the risk of loss that may arise on outstanding financial instruments should a counterparty default on its obligations. The Foundation's exposure to credit risk arises primarily from its other receivables and cash and bank balances.

At the reporting date, the Foundation's maximum exposure to credit risk is represented by the carrying amount of these financial assets. The Foundation minimises this risk by dealing exclusively with high credit rating and/or credit worthy counterparties.

The Foundation's financial assets are neither past due or nor impaired.

(c) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of the Foundation's financial instruments will fluctuate because of changes in market interest rates.

The Foundation's primary interest rate risk relates to its deposits in financial institutions.

Sensitivity analysis for interest rate risk

The following table demonstrates the sensitivity to a reasonable possible changes in interest rates with all other variables held constant.

	Effect on surplus before tax	
	2018	**2017**
	RM	**RM**
Deposits in financial institutions		
Increase in 25 basis points in market interest rates	4,626	143
Decrease in 25 basis points in market interest rates	(4,626)	(143)

15. FAIR VALUES

The fair values of all financial assets and liabilities approximate the carrying amounts due to their relative short-term maturities.

16. CAPITAL MANAGEMENT

The Foundation manages its capital by following the Foundation's policies and guidelines and also seeks approval from the Trustees with regard to all capital management matters. Presently, the Foundation's activities are entirely funded via Government grant and donations/contributions from third parties.

17. RELATED PARTY TRANSACTIONS

In addition to the transactions detailed elsewhere in the financial statements, the Foundation had the following transactions with the following related parties during the financial year:

	2018 RM	2017 RM
(i) Yayasan Hasanah, a foundation related to a Trustee		
Statement of comprehensive income		
Donations/contributions	1,666,239	1,584,102
Statement of financial position		
Deferred income	671,312	194,648
(ii) Khazanah Nasional Berhad, a permanent member		
Statement of comprehensive income		
Donations/contributions	13,048	-
Statement of financial position		
Deferred income	99,876	112,924

NOTES

NOTES

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