2019

Trustees' Report and Audited Financial Statements

SEJAHTERA

Building Sustainable Communities

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 2019.

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	47,903

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

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 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 end 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 or other liability has become enforceable or is likely to become enforceable within the period of twelve months after the end of the financial year which will or may affect the ability of the 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 PLT, 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 PLT, 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 PLT during the financial year.

Signed on behalf of the Board in accordance with a resolution of the Trustees dated 26 July 2020.

Tan Sri Faizah binti Mohd Tahir **Prof. Dr. Sulochana Nair a/p Kutiri Raman Nair**

Kuala Lumpur, Malaysia

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

We, Tan Sri Faizah binti Mohd Tahir and Prof. Dr. Sulochana Nair a/p Kutiri Raman Nair, being two of the Trustees of Yayasan Sejahtera, do hereby state that, in our opinion, the accompanying financial statements set out on pages 9 to 35 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 2019 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 26 July 2020.

Tan Sri Faizah binti Mohd Tahir
Kuala Lumpur, Malaysia

Prof. Dr. Sulochana Nair a/p Kutiri Raman Nair

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

I, Shareen Shariza binti Dato' Abdul Ghani, 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 9 to 35 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.

Subscribed and solemnly declared by
the abovenamed Shareen Shariza binti
Dato' Abdul Ghani at Kuala Lumpur in the
Federal Territory on 26 July 2020.

Shareen Shariza binti Dato' Abdul Ghani

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 2019, 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 9 to 35.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Foundation as at 31 December 2019, 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 Code of Ethics for Professional Accountants (including International Independence Standards) ("IESBA Code"), and we have fulfilled our other ethical responsibilities in accordance with the By-Laws and the IESBA Code.

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.

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (CONT'D.)

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 scepticism 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.

INDEPENDENT AUDITORS' REPORT
TO THE MEMBER OF YAYASAN SEJAHTERA

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (CONT'D.)

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

- 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.

- 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 PLT
202006000003 (LLP0022760-LCA) & AF 0039
Chartered Accountants

Ahmad Qadri Bin Jahubar Sathik
No. 03254/05/2022 J
Chartered Accountant

Kuala Lumpur, Malaysia
26 July 2020

STATEMENT OF COMPREHENSIVE INCOME
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

	Note	2019 RM	2018 RM
INCOME			
Government grant	3	295,782	62,999
Donations/contributions	4	1,633,164	1,789,724
Interest income	5	47,903	55,158
		1,976,849	1,907,881
EXPENDITURE			
Project costs		719,207	395,871
Staff costs	6	822,178	1,068,702
Staff training		2,829	11,267
Marketing and communications		108,921	64,570
Travelling expenses		20,591	64,854
Professional fees		17,676	17,915
Auditors' remuneration			
- audit fees		13,000	13,000
- others		4,370	6,000
Depreciation of property and equipment	9	52,114	58,455
Depreciation of right-of-use asset	10	92,480	-
Property and equipment written off	9	-	3
Office rental		-	73,800
Office utilities		33,141	32,322
Trustees expenses		1,396	3,024
Finance cost	7	10,532	-
Other expenses		30,511	40,147
		1,928,946	1,849,930
Surplus before taxation		47,903	57,951
Taxation	8	-	-
Net surplus for the year, representing total comprehensive income for the year		47,903	57,951

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

STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2019

	Note	2019 RM	2018 RM
Non-current asset			
Property and equipment	9	25,700	75,845
Right-of-use asset	10	148,537	-
		174,237	75,845
Current assets			
Right-of-use asset	10	9,550	-
Other receivables	11	383,262	135,907
Cash and bank balances	12	4,158,127	3,710,273
		4,550,939	3,846,180
Current liabilities			
Other payables	13	78,993	48,298
Deferred income	14	2,073,811	1,229,375
Lease liability	10	82,528	-
		2,235,332	1,277,673
Net current assets		2,315,607	2,568,507
		2,489,844	2,644,352
Represented by:			
Contribution from members	15	-	-
Retained surplus		1,933,242	1,885,339
		1,933,242	1,885,339
Non-current liabilities			
Government grant	3	463,231	759,013
Lease liability	10	93,371	-
		556,602	759,013
		2,489,844	2,644,352

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 2019

	Contribution from members RM	Retained surplus RM	Total RM
At 1 January 2019	**-**	1,885,339	1,885,339
Total comprehensive income for the year	-	47,903	47,903
At 31 December 2019	**-**	1,933,242	1,933,242
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

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 2019

	2019 RM	2018 RM
Cash flows from operating activities		
Surplus before taxation	47,903	57,951
Adjustments for:		
Interest income	(47,903)	(55,158)
Interest expense	10,532	-
Depreciation of property and equipment	52,114	58,455
Depreciation of right-of-use asset	92,480	-
Property and equipment written off	-	3
Amortisation of government grant	(295,782)	(62,999)
Donations/contributions recognised in profit and loss	(1,633,164)	(1,789,724)
Operating loss before working capital changes	(1,773,820)	(1,791,472)
Decrease/(increase) in receivables	4,282	(9,811)
Increase/(decrease) in payables	30,695	(203,770)
Net cash used in operating activities	(1,738,843)	(2,005,053)
Cash flows from investing activities		
Placements of deposits with a licensed bank	(362,233)	(54,313)
Purchase of property and equipment	(1,969)	(21,409)
Interest received	56,266	54,313
Net cash used in from investing activities	(307,936)	(21,409)
Cash flow from financing activities		
Donations received	2,217,600	2,416,893
Repayment of lease	(85,200)	-
Net cash flows generated from financing activities	2,132,400	2,416,893
Net changes in cash and cash equivalents	85,621	390,431
Cash and cash equivalents at beginning of year	2,095,366	1,704,935
Cash and cash equivalents at end of year	2,180,987	2,095,366
Cash and cash equivalents comprise of (Note 12):		
Cash at bank	2,180,987	2,095,366

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

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

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 GMY Associates Sdn Bhd, No 12 (1st Floor), Jalan Suasana 2/7, Bandar Tun Hussein Onn, 43200 Cheras, Selangor.

The financial statements were authorised for issue by the Board of Trustees in accordance with a resolution of the Trustees on 26 July 2020.

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 ("MRFSs"), 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

On 1 January 2019, the Foundation adopted new and amended MFRS which is mandatory for annual financial periods beginning on or after 1 January 2019.

The adoption of MFRS did not have any effect on the financial performance or position of the Foundation except as disclosed below:

<u>MFRS 16 Leases</u>

MFRS 16 supersedes IAS 17 *Leases*, IFRIC 4 *Determining whether an Arrangement contains a Lease*, SIC-15 *Operating Leases-Incentives* and SIC-27 *Evaluating the Substance of Transactions Involving the Legal Form of a Lease*. The standard sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessess to recognise most leases on the statement of financial position.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

2.2 Changes in accounting policies (cont'd.)

MFRS 16 Leases (cont'd.)

The Foundation adopted MFRS 16 using the modified retrospective method of adoption with the date of initial application of 1 January 2019. Under this method, the standard is applied retrospectively with the cumulative effect of initially applying the standard recognised at the date of initial application.

The effect of adoption MFRS 16 as at 1 January 2019 increase is as follows:

	RM
Asset	
Right-of-use asset (Note 10)	250,567
Liability	
Lease liability (Note 10)	250,567
Total adjustment on equity	
Retained earnings	-
	-

The Foundation has lease contracts for office and workshop spaces. Before the adoption of MFRS 16, the Foundation classified each of its leases at the inception date as operating lease.

Upon adoption of MFRS 16, the Foundation applied a single recognition and measurement approach for all leases except for short-term leases and leases of low-value assets. Refer to Note 2.5 (b) for the accounting policy beginning 1 January 2019. The standard provides specific transition requirement and practical expedients, which have been applied by the Foundation.

i) Leases previously accounted for as operating leases

The Foundation recognised right-of-use assets and lease liabilities for those leases previously classified as operating leases, except for short-term leases and leases of low-value assets. The right-of-use assets for most leases were recognised based on the carrying amount as if the standard had always been applied, apart from the use of incremental borrowing rate at the date of initial application. In most leases, the right-of-use assets were recognised based on the amount equal to the lease liabilities, adjusted for any related prepaid and accrued lease payments previously recognised. Lease liabilities were recognised based on the present value of the remaining lease payments, discounted using the incremental borrowing rate at the date of initial application.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

2.2 Changes in accounting policies (cont'd.)

MFRS 16 Leases (cont'd.)

i) Leases previously accounted for as operating leases (cont'd.)

The Foundation also applied the available practical expedients wherein it:

- Used a single discount rate to a portfolio of leases with reasonable similar characteristics
- Relied on its assessment of whether leases are onerous immediately before the date of initial application
- Applied the short-term leases exemptions to leases with lease term that end within 12 months of the date of initial application
- Excluded the initial direct costs from the measurement of the right-of-use assets at the date of initial application
- Used hindsight in determining the lease term where the contract contained options to extend ot terminate the lease

The leases liability as at 1 January 2019 can be reconciled to the operating lease commitments as of 31 December 2018, as follows:

	RM
Operating lease commitments as at 31 December 2018	-
Weighted average incremental borrowing rate as at 1 January 2019	4.85%
Discounted operating lease commitments as at 1 January 2019	-
Add:	
Commitments relating to operating leases not included in operating lease commitments as at 31 December 2018	250,567
Lease liability as at 1 January 2019 (Note 10)	250,567

2.3 Standards issued but not yet effective

The new and revised MFRSs which are mandatory for companies with financial period beginning on or after 1 January 2019 did not give rise to any significant effects on the financial statements of the Foundation.

2.4 Significant accounting estimates and judgements

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 nor other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amount of asset and liabilities within the next financial year.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

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.

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 of loss as incurred.

Depreciation of the property and equipment is provider 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:

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 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 and equipment.

An item of property 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 lost.

(b) Leases (Policy from 1 January 2019)

The Foundation applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Foundation recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

(i) Right-of-use assets

The Foundation recognise right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets are

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

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

(b) Leases (Policy from 1 January 2019) (cont'd.)

(i) Right-of-use assets (cont'd.)

includes the amount of lease liabilities recognised, initial direct costs incurred and the lease payments made at or before the commencement date less any lease incentive received. Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful lives of the assets, as follows:

Premises	2 - 5 years

If ownership of the leased assets transfers to the Foundation at the end of the lease term of the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the assets.

The right-of-use assets are also subject to impairment.

(ii) Lease liabilities

At the commencement date of the lease, the Foundation recognises lease liabilities measured at the present value of the lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Foundation and payments of penalties for terminating the lease, if the lease term reflects the Foundation exercising the option to terminate. Variable lease payments that do not depend on an index or a rate are recognised as expenses (unless they are incurred to produce inventories) in the period in which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Foundation uses interest rate implicit at the lease commencement date. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease payments (eg., changes to future payments resulting from a change in an index or rate used to determine such lease payments) or a change in the assessment of an option to purchase the underlying asset.

(iii) Short-term leases and leases of low-value assets

The Foundation applies the short-term lease recognition exemption to its short-term leases of office equipment (i.e., those lease that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the lease of low-value assets recognition exemption to leases of office equipment that are considered to be low value. Lease payments on short term leases and leases of low-value assets are recognised as expense on a straight-basis over the lease term.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

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

(c) Leases (Policy before 1 January 2019)

The determination of whether an arrangement is (or contains) a lease is based on the substance of the arrangement at the inception of the lease. The arrangement is, or contains, a lease is fulfillment of the arrangement is dependent on the use of a specific asset (or assets) and the arrangement conveys a right to use the asset (or assets), even if that asset is (or those assets are) not explicitly specified in an arrangement.

A lease is classified at the inception date as finance lease or an operating lease. A lease that transfers substantially all the risks and rewards incidental to ownership to the Foundation is classified as a finance lease.

Finance leases are capitalised at the commencement of the lease at the inception date fair value of the lease property or, if lower, at the present value of the minimum lease payment. Lease payments are apportioned between 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 recognised in finance costs in the statement of profit or loss.

A leased asset is depreciated over the 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 of the asset and the lease term.

An operating lease is a lease other than a finance lease. Operating lease payments are recognised as an operating expense in the statement of profit or loss on a straight-line basis over the lease term.

(d) 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 exceed 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 first to reduce the carrying amount of any goodwill 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.)

(d) 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 not 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 recognised. 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.

(e) Financial assets

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. Receivables that do not contain a significant financing component or for which the Foundation has applied practical expedient are measured at the transaction price determined under MFRS 15.

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 pace (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.)

(e) Financial assets (cont'd.)

(i) 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.

(f) Impairment of financial assets

The Foundation recognises an allowance for expected credit losses ("ECL") for all debt instruments not held at fair value through profit or loss. ECL 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.

The Foundation applies a simplified approach in calculating ECL. Therefore, the Foundation does not track changes in credit risk, but instead recognise 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.

(g) Financial liabilities

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

Financial liabilities 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.

The Foundation's financial liabilities include other payables.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

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

(g) Financial liabilities (cont'd)

Financial liabilities are recognised initially at fair value less directly attributable transaction costs and subsequently measured at amortised cost using the effective interest methods. Gains and losses on liabilities are recognised in the statement of profit or loss when the liabilities are derecognised as well as through the amortisation process.

A financial liability is derecognised when the obligation under the liability is extinguished.

(h) Cash and cash equivalents

For the purposes of the statement of cash flows, cash and cash equivalents include cash on hand, cash at bank and deposits with licensed banks which have an insignificant risk of changes in value.

(i) 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").

(j) Equity instruments

Contribution from members are classified as equity.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

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

(k) Government grant

Government grant is recognised initially at their fair value in the statement of financial position as deferred income 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 recognised 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.

(l) 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.

(m) 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.

3. GOVERNMENT GRANT

	2019	2018
	RM	RM
At 1 January	759,013	822,012
Amortised to profit or loss	(295,782)	(62,999)
At 31 December	463,231	759,013

4. DONATIONS/CONTRIBUTIONS

	2019	2018
	RM	RM
Project funds (Note 14):		
- Yayasan Hasanah ("YH")	696,843	299,318
- Others	-	95,804
Non-project funds (Note 14)	800,721	1,366,921
Donations/corporates contributions	135,600	27,681
	1,633,164	1,789,724

5. INTEREST INCOME

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

6. STAFF COSTS

	2019	2018
	RM	RM
Included in:		
Project costs	119,298	72,065
Statement of comprehensive income	822,178	1,068,702
	941,476	1,140,767

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

6. STAFF COSTS

	2019 RM	2018 RM
Wages and salaries	725,861	873,783
Statutory contribution to Employees Provident Fund and social security	106,734	175,028
Other allowances	108,880	91,956
	941,476	1,140,767

Included in staff costs is remuneration of the Chief Operating Officer, amounting to RM221,752 (2018: RM234,278).

7. FINANCE COST

	2019 RM	2018 RM
Interest on lease liability	10,532	-

The lease contract for office rental used for operations and workshop used for project. These lease have lease terms of 2 to 5 years. There are lease contract that include extension and termination options and variable lease payments.

8. 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.

9. PROPERTY AND EQUIPMENT

	Renovation RM	Computer equipment RM	Office equipment RM	Motor vehicle RM	Total RM
At 31 December 2019					
Cost					
At 1 January 2019	57,700	104,483	56,508	122,501	341,192
Additions	-	919	1,050	-	1,969
At 31 December 2019	57,700	105,402	57,558	122,501	343,161
Accumulated depreciation					
At 1 January 2019	42,841	74,950	36,183	111,373	265,347
Depreciation charge for the year	14,857	13,082	13,049	11,126	52,114
At 31 December 2019	57,698	88,032	49,232	122,499	317,461
Net carrying amount					
At 31 December 2019	2	17,370	8,326	2	25,700
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

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

10. RIGHT-OF-USE ASSET AND LEASE LIABLILITY

Set out below are the carrying amounts of right-of-use asset recognised and the movements during the year:

	RM
At 31 December 2019	
Cost	
At 1 January/31 December 2019	250,567
Accumulated depreciation	
At 1 January 2019	-
Depreciation charge for the financial year	92,480
At 31 December 2019	92,480
Net carrying amount	
At 31 December 2019	158,087
Analysed as:	
Current	148,537
Non-current	9,550

Set out below are the carrying amounts of lease liability and the movements during the year:

	RM
At 1 January	250,567
Additions	-
Interest	10,532
Payment	(85,200)
At 31 December	175,899
Analysed as:	
Current	82,528
Non-current	93,371

The following are the amounts recognised in profit or loss:

	RM
Depreciation expense of right-of-use asset	92,480
Interest expense on lease liability	10,532
Total amount recognised in profit or loss	103,012

The Foundation had total cash outflows for leases of RM92,480 and non-cash additions to right-of-use asset and lease liability of RM10,532 in 2019.

11. OTHER RECEIVABLES

	Note	2019 RM	2018 RM
Deposits		29,100	26,960
Prepayments		49,459	55,881
Interest receivable		44,703	53,066
Amount due from Yayasan Hasanah ("YH")	(i)	260,000	-
Total other receivables		383,262	135,907
Add: Cash and bank balances	12	4,158,127	3,710,273
Less: Prepayments		49,459	55,881
Total financial assets and amortised cost		4,491,930	3,790,299

(i) Amount due from YH is non-interest bearing and neither past due nor impa..red. The amount relates to funds earned from YH to be utilized for operating expenses.

12. CASH AND BANK BALANCES

	2019 RM	2018 RM
Cash at bank, representing cash and cash equivalent	2,180,987	2,095,366
Deposits with a licensed bank with original maturity more than 90 days	1,977,140	1,614,907
Total cash and bank balances	4,158,127	3,710,273

	WAEIR per annum		Average maturity	
	2019 %	2018 %	2019 Days	2018 Days
Deposits	3.43	3.48	274	364

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

13. OTHER PAYABLES

	2019 RM	2018 RM
Accruals	39,859	19,000
Others	39,134	29,298
	78,993	48,298

Others are interest free and are normally settles on an average term of 30 days (2018: average term of 30 days).

14. DEFERRED INCOME

		2019 RM	2018 RM
At 1 January		1,229,375	772,192
Received during the year	(i)	2,082,000	2,142,902
Accrued during the year		260,000	76,324
Amortised to profit or loss		(1,497,564)	(1,762,043)
At 31 December		2,073,811	1,229,375

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

(i) Donations received during the year consists of:

		2019 RM	2018 RM
Community Development Fund	(a)	962,000	-
Yayasan Hasanah (“YH”)	(b)	1,120,000	2,142,902
		2,082,000	2,142,902

14. DEFERRED INCOME (CONT'D.)

(i) Donations received during the year consists of (cont'd.):

(a) Relates to donations from various funders to develop long term funding brand and mechanism to raise funds for all of the Foundation programmes. The project is expected to commence in 2020.

(b) Relates to contributions from YH to cover the Foundation's project and operating expenses.

15. CONTRIBUTIONS 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.

16. 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:

	Note	Financial assets/ liability at amortised cost RM
2019		
Financial assets		
Other receivables	11	383,262
Cash and bank balances	12	4,158,127
		4,541,389
Financial liability		
Other payables	13	39,134
2018		
Financial assets		
Other receivables	11	135,907
Cash and bank balances	12	3,710,273
		3,846,180
Financial liability		
Other payables	13	29,298

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

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 the 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.

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	
	2019	**2018**
	RM	**RM**
Other payables (Note 13)	78,993	48,298

(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 flunctuate because of changes in market interest rates.

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

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

(c) Interest rate risk (cont'd.)

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	
	2019	**2018**
	RM	**RM**
Deposits in financial institutions		
Increase in 25 basis points in market interest rates	3,491	4,626
Decrease in 25 basis points in market interest rates	(3,491)	(4,626)

17. FAIR VALUES

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

18. 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.

19. 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:

	2019 RM	2018 RM
(i) Yayasan Hasanah, a foundation related to a Trustee		
Statement of comprehensive income		
Donations/contributions	1,536,864	1,666,239
Statement of financial position		
Deferred income	1,380,000	671,312
(ii) Khazanah Nasional Berhad, a permanent member		
Statement of comprehensive income		
Donations/contributions	1,390	13,048
Statement of financial position		
Deferred income	-	99,876

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