

Registration No. PPM-02114-2203-2021

PERSATUAN MAKANAN EHSAN
(FREE FOOD SOCIETY)
(Registered under Societies Act, 1966)

Reports and Financial Statements
31 December 2025

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PERSATUAN MAKANAN EHSAN
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SOCIETY INFORMATION

PRESIDENT : DATUK ALI BIN ABDUL KADIR

DEPUTY PRESIDENT : DATIN TINA SAW BINTI ABDULLAH

TREASURER : PUAN SRI NORMAH BINTI HASHIM

ASSISTANT TREASURER : PUAN ROZINI BINTI MOHD AMIN

SECRETARY : PUAN MANSHEEL KAUR AP HARBHAJAN SINGH

ASSISTANT SECRETARY : PUAN FADILLAH BINTI MOHD YAKIN

COMMITTEE MEMBERS : PUAN MAGDALENE HAN SIEW YONG
ENCIK RAJA SINGHAM A/L SUKUMARA SINGHAM
ENCIK CHEE YEW GUAN

HONORARY AUDITORS : DATO' AMOS SIEW BOON YEONG OF SBY PARTNERS PLT
YAP CHEE WEI OF SBY PARTNERS PLT

BANKER : MALAYAN BANKING BERHAD

REGISTERED OFFICE : NO. 12, 2ND FLOOR, JALAN TUN MOHD FUAD 2,
TAMAN TUN DR ISMAIL, 60000 KUALA LUMPUR.

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REPORT OF THE COMMITTEE

Into its fifth year of operations, Persatuan Makanan Ehsan (Free Food Society or FFS) continued to build upon its momentum of the previous years. As in 2024, the Society continued to focus its work in 2025 on giving food aid to selected communities in a sustainable, long-term manner.

In general, the Society's work in 2025 focused on the following main areas:-

1. Food Aid

- i. One-off food distribution to communities in need
- ii. Food aid in communities affected by natural disasters especially floods
- iii. Food distribution during Ramadan to communities in need

2. Sustainable Project in Desa Rejang consisting of:

- i. Food aid to 85 families in the community twice monthly
- ii. Tuition for primary and secondary school students

3. Other Recurring projects

- i. Continued support of University Malaya's Happy Lunch program under the Faculty of Islamic Studies with Professor Dr Faisal Abdul Hamid
- ii. Distribution of Rice throughout Peninsula Malaysia
- iii. Meal assistance programs for needy students ranging from providing essential food ingredients, to exam-time snacks and meals to students depending on their needs.

1. FOOD AID

In 2025, FFS delivered food aid to many communities in need throughout the peninsula. There were several projects organised by FFS on behalf of individual donors who provided the funding. Meal assistance programs for needy students ranging from providing essential food ingredients, to exam-time snacks and meals were frequently sponsored by individual donors through FFS.

(a) Flood victims :

Towards the end of 2024 and into early 2025, FFS had a full program of food aid to areas affected by floods especially in the east coast states of Kelantan, Terengganu and Pahang as well as Kedah. FFS was fortunate to have partnered with several individuals and organisations such as Uplift and Yayasan Kadir & Fatimah (YKF) to bring aid to those affected. Areas such as Tumpat, Machang and Gua Musang in Kelantan were the hardest hit and flood victims consisted of asnafs, OKUs, single mothers and even rubber tappers who had lost their livelihoods. FFS also worked with community leaders on the ground to coordinate food delivery logistics to the flood affected areas, frequently by boats as roads became unpassable.



(b) Ramadan:

As in previous years, FFS continued to be very active during the month of Ramadan distributing food aid to various communities on behalf of donors who contributed part of their zakat money to the Society. Such aid comprised both essential cooking ingredients as well as cooked meals for iftar or the breaking of fast in various poor communities and orphanages.



2. SUSTAINABLE PROJECTS

(a) Food Aid

The FFS sustainable project with Desa Rejang completed its second year in 2025. The number of families given food aid was increased from 75 to 85. Food aid was given twice a month comprising basic necessities such as rice, cooking oil, flour, sugar, noodles and soy sauce in one delivery and fresh food and vegetables in the second delivery. FFS continues to monitor the effectiveness of its food aid program periodically.

The second part of this project consisting of tuition classes for both primary and secondary school children went into full swing in 2025. FFS monitors the progress of the students through monthly tests and assessments and the academic performance of the children is encouraging. 5 of the secondary school students sat for their SPM exams at the end of 2025. Among primary school children, the basic 3R skills have also improved – and language skills have also improved with parents reporting that children who could not speak English were now fluent and children who had difficulty with maths have achieved better grades. More important, confidence in class has also increased based on teachers' feedback to parents.

During the year, the primary school tuition program was given a boost in the form of a donation of 10 Enuma School learning devices that help the children with Maths, Bahasa Malaysia and English. FFS continues to receive 24 cartons of milk a month from Farm Fresh Bhd as well as donations of snacks and meals for the tuition program throughout 2025.

McDonald's gives a monthly donation of meals for the classes throughout 2025 while Pizza Hut and Texas Chicken also donated one-off tuition meals for the children. The Lim Yee Hoh Foundation also continued to support our tuition program with an annual outing for the children and in 2025 sponsored drama classes for 12 of the primary school students.



3. OTHER RECURRING PROJECTS

(a) Happy Lunch

During the year, FFS continued to support University Malaya's Happy Lunch project under its Faculty of Islamic Studies with Professor Dr Faisal Abdul Hamid. The support comprises a monthly contribution of various cooking essentials such as sardines, tomato ketchup, cooking oil and soy sauce for the project. A total of 200 meals are given on a daily basis to the students there on a rotation basis. The number of meals is increased to 600 per day during the month of Ramadan.



(b) Zakat Rice

FFS is fortunate to receive a donation of 400 bags (5kg each) of rice a week from a donor. The rice is part of the donor's zakat contribution and FFS distributes it to asnafs throughout the peninsula. FFS works with individual organisations such as Pertubuhan Baitul Hassan and other religious organisations to ensure it is distributed to asnafs as stipulated by the donor. This project has had a tremendous impact on extending food aid all over the peninsula and the organisations we work with are able to solicit other food items to add to their basic staple, rice, provided by FFS.



4. OTHER ACTIVITIES

(a) Fund Raising

In September 2025, FFS was one of the beneficiaries of the Music4Good Charity Concert organised by council member Mr Rajasingham and his Poly Maths band at the BAC Auditorium in PJ. A total of RM30,000 was raised for the Society's Desa Rejang project.



(b) Women Enterprise

During the year the women's enterprise community in Impian Baiduri was involved in catering food for the Amazing Seniors annual Walkathon in Paradigm Mall. During the year also FFS held a competition among the women under the project to determine the best social media campaigns they designed. Four women deemed to have had the best submissions were awarded a portable chest freezer each to be used in the storage of their frozen products for sale.

In 2025 the Society held a total of 4 executive council meetings and various Operations Committee meetings. An application for Tax Exemption status under section 44(6) of the Income Tax Act was also submitted to the LHDN by FFS once it had attained a 4 year track record of operations.



Signed on behalf of the Committee Members

DATIN TINA SAW BINTI ABDULLAH
Deputy President

Kuala Lumpur
Date: 9 April 2026

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REPORT OF THE TREASURER

Our society commenced its activities on 1st April 2021, and this report covers the period from 1st January to 31st December 2025.

At the beginning of the financial year, the brought forward amount in SSMH trust fund held in escrow was RM84,717 out of which RM69,974 has been utilised for our tuition program at PPR Desa Rejang. Also, at the beginning of the financial year, our Zakat fund held in escrow amounted to RM33,180 and for the period under review, RM29,763 additional Zakat funds were received in trust, of which RM25,425 has been distributed to Asnaf and flood victims in 2025.

Monetary donations and utilisation from escrow funds amounted to RM200,879 and members subscriptions was RM150. These monies were used to fund our tuition program and food distributions costing RM167,580. In addition, the Society also received donations in kind valued at RM483,308 which were all fully distributed. Therefore, total food distributions for the period amounted to RM650,888 compared to last year of RM789,234.

Our expenses for handling all the work that we do including allowances, accounting and administrative services amounted to RM19,207, and this amount was fully underwritten by our Committee Members. At the end of the year, we had zakat funds held in escrow of RM RM37,518, SSMH trust fund held in escrow of RM14,742 and a retain surplus of RM17,537.

The society is ever grateful for the support and the voluntary service of its Committee Members and its volunteers. For this year, special mention goes to our tuition team at PPR Desa Rejang, our zakat rice distribution team, our flood relief team and our Ramdan and korban team. As always, we would like to express our sincere appreciation to our PICs, the likes of Ustaz Zamani, Ustaz Ammar, Ustaz Faisal and Syed Hussin for their efficient logistical help in distributing our food aid. We are also thankful to our main suppliers, Hero Market and Rayat Mart for their efficient packing and delivery service of the food aid.

Signed by,



PUAN ROZINI BINTI MOHD AMIN
Assistant Treasurer

Kuala Lumpur
Date:

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STATEMENT BY THE COMMITTEE MEMBERS

We, Datuk Ali Bin Abdul Kadir and Puan Sri Normah Binti Hashim, being the President and the Treasurer of PERSATUAN MAKANAN EHSAN ("Society") respectively, do hereby state on behalf of the Committee that in our opinion, the accompanying financial statements of the Society together with the notes attached thereto are properly drawn up in accordance with Malaysian Private Entities Reporting Standard and the requirements of the Societies Act, 1966 in Malaysia so as to give a true and fair view of the financial position of the Society as at 31 December 2025, and of the financial performance and cash flows for the financial year then ended.

Signed on behalf of the Committee Members



DATUK ALI BIN ABDUL KADIR
President



PUAN SRI NORMAH BINTI HASHIM
Treasurer

Kuala Lumpur
Date: 9 April 2026

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STATUTORY DECLARATION
Pursuant to section 251(1)(b) of the Companies Act 2016

I, Puan Rozini Binti Mohd Amin, being the Assistant Treasurer primarily responsible for the financial management of PERSATUAN MAKANAN EHSAN., do solemnly and sincerely declare that to the best of my knowledge and belief the financial statements set out on pages 10 to 23 are 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.

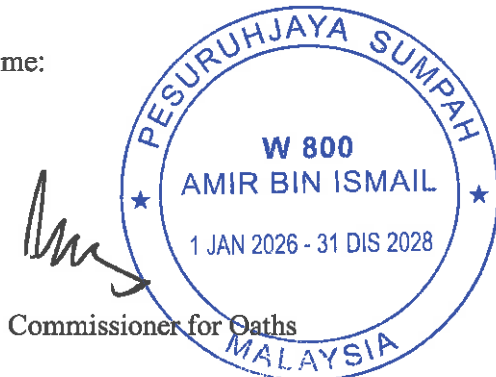
Subscribed and solemnly

declared by the abovementioned, Puan Rozini Binti Mohd Amin
in Kuala Lumpur on 9 April 2026.



PUAN ROZINI BINTI MOHD AMIN

Before me:



Commissioner for Oaths

NO. 33-4, JALAN MEDAN TUANKU
50300 KUALA LUMPUR.



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**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF
PERSATUAN MAKANAN EHSAN
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Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of PERSATUAN MAKANAN EHSAN (“the Society”), which comprise the statement of financial position as at 31 December 2025, and the statement of income and expenditure, statement of changes in accumulated funds and statement of cash flows for the financial year then ended, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages 14 to 23.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Society as at 31 December 2025 and of its financial performance and its cash flows for the financial year then ended in accordance with Malaysian Private Entities Reporting Standard and the requirements of the Societies Act, 1966 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 opinion.

Independence and Other Ethical Responsibilities

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

Society's Responsibility for the Financial Statements

The Society is responsible for the preparation of financial statements of the Society that give a true and fair view in accordance with Malaysian Private Entities Reporting Standard and the requirements of the Societies Act, 1966, and for such internal control as the Society determines is necessary to enable the preparation of financial statements of the Society that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements of the Society, the Committee Members are responsible for assessing the Society's ability to continue as a going concern, The Society is a going concern unless the Committee Members either intend to liquidate the Society or to cease operations, or have no realistic alternative but to do so.

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Information Other than the Financial Statements and Auditors' Report Thereon

The Committee Members of the Society are responsible for the other information. The other information comprises the Committee's Report but does not include the financial statements of the Society and our auditors' report thereon.

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

In connection with our audit of the financial statements of the Society, our responsibility is to read the Committee's Report and, in doing so, consider whether the Committee's Report is materially inconsistent with the financial statements of the Society or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of the Committee's Report, we are required to report that fact. We have nothing to report in this regard.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements of the Society 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 Society, 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 Society's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Society.

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- Conclude on the appropriateness of the Society's 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 Society'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 Society 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 Society to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements of the Society, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the Society 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 members of the Society, as a body, and for no other purpose. We do not assume responsibility to any other person for the content of this report.



DATO' AMOS SIEW BOON YEONG
01321/07/2026 J
Chartered Accountant



YAP CHEE WEI
Chartered Accountant

Kuala Lumpur,
Date: 9 April 2026

PERSATUAN MAKANAN EHSAN
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STATEMENT OF FINANCIAL POSITION
as at 31 December 2025

	<i>Note</i>	2025 RM	2024 RM
CURRENT ASSETS			
Cash at bank		70,797	135,126
Cash in hand		-	1,260
		70,797	136,386
		70,797	136,386
CURRENT LIABILITIES			
Accruals		1,000	2,887
Cash held for members		-	1,200
Tabung Zakat	4	37,518	33,180
The Society for the Severely Mentally Handicapped Selangor and Wilayah Persekutuan		14,742	84,717
		53,260	121,984
NET CURRENT ASSETS		17,537	14,402
Represented by:			
RETAINED SURPLUS			
Accumulated fund		17,537	14,402

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

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STATEMENT OF INCOME AND EXPENDITURE
for the financial year ended 31 December 2025

	2025	2024
	RM	RM
<u>INCOME</u>		
Subscriptions received	150	150
Monetary donations	200,879	277,768
Donations received in kind	483,308	542,005
Operational and admin cost sponsored	19,207	22,621
	703,544	842,544
<u>LESS: DIRECT EXPENDITURES</u>		
Distributions made from Donations Received	72,179	146,643
Distributions made from Zakat Account	25,425	32,144
Distributions made from the Society for the Severely Mentally Handicapped Selangor and Wilayah Persekutuan	69,975	68,442
Distributions made in kind	483,308	542,005
Operational and distribution cost	30,315	25,554
	681,202	814,788
GROSS RECEIPTS OVER PAYMENTS	22,342	27,756
<u>LESS: OTHER EXPENDITURES</u>		
Accounting fee	2,000	2,000
Administration expenses	1,617	1,621
Staff allowance	15,590	19,000
TOTAL OTHER EXPENDITURES INCURRED	19,207	22,621
NET RECEIPTS OVER PAYMENTS	3,135	5,135

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STATEMENT OF CHANGES IN ACCUMULATED FUND
for the financial year ended 31 December 2025

	Accumulated fund <u>RM</u>
At 31 December 2023	9,267
Surplus for the financial year	<u>5,135</u>
At 31 December 2024	14,402
Surplus for the financial year	<u>3,135</u>
As at 31 December 2025	<u><u>17,537</u></u>

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STATEMENT OF CASH FLOWS
for the financial year ended 31 December 2025

	2025	2024
	RM	RM
Opening Cash	136,386	36,310
Gross Donation Received	139,587	377,172
Distributions made	(187,536)	(254,475)
Expenses	<u>(17,640)</u>	<u>(22,621)</u>
Net Cash Balance	<u>70,797</u>	<u>136,386</u>
Cash and cash equivalents at end of period comprise:		
Cash and bank balances	<u><u>70,797</u></u>	<u><u>136,386</u></u>

PERSATUAN MAKANAN EHSAN
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NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2025

1. SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of Preparation

The financial statements of PERSATUAN MAKANAN EHSAN ("the Society") have been prepared in accordance with the Malaysian Private Entities Reporting Standard ("MPERS").

The financial statements, which are presented in Ringgit Malaysia ("RM") have been prepared on the historical cost basis, except as disclosed in the accounting policies as set out below.

(b) Financial Assets

Financial assets are recognised in the statement of financial position when the Society becomes a party to the contractual provisions of the instrument.

On initial recognition, financial assets are measured at transaction price, include transaction costs for financial assets not measured at fair value through profit or loss, unless the arrangement constitutes, in effect, a financing transaction for the counterparty to the arrangement.

After initial recognition, financial assets are classified into one of three categories: financial assets measured at fair value through profit or loss, financial assets that are debt instruments measured at amortised cost, and financial assets that are equity instruments measured at cost less impairment.

(i) *Financial Assets At Fair Value Through Profit Or Loss*

Financial assets are classified as at fair value through profit or loss when the financial assets are within the scope of Section 12 of the MPERS or if the financial assets are publicly traded or their fair value can otherwise be measured reliably without undue cost or effort.

Changes in fair value are recognised in profit or loss.

If a reliable measure of fair value is no longer available for an equity instrument that is not publicly traded but is measured at fair value through profit or loss, its fair value at the last date that instrument was reliably measurable is treated as the cost of the instrument, and it is measured at this cost amount less impairment until a reliable measure of fair value becomes available.

(ii) *Financial Assets That Are Debt Instruments Measured At Amortised Cost*

After initial recognition, debt instruments are measured at amortised cost using the effective interest method. Debt instruments that are classified as current assets are measured at the undiscounted amount of the cash or other consideration expected to be received.

Effective interest method is a method of calculating the amortised cost of financial assets and of allocating the interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimate future cash receipts through the expected life of the financial assets or, when appropriate, a shorter period, to the carrying amount of the financial assets.

(i) *Financial Assets That Are Equity Instruments Measured At Cost Less Impairment*

Equity instruments that are not publicly traded and whose fair value cannot otherwise be measured reliably without undue cost or effort, and contracts linked to such instruments that, if exercised, will result in delivery of such instruments, are measured at cost less impairment.

Impairment Of Financial Assets

At the end of each reporting period, the Society assesses whether there is any objective evidence that financial assets that are measured at cost or amortised cost, are impaired.

Objective evidences could include:

- significant financial difficulty of the issuer; or
- a breach of contract; or
- the lender granting to the borrower a concession that the lender would not otherwise consider; or
- it becoming probable that the borrower will enter bankruptcy or other financial reorganisation; or
- observable data indicating that there is a measurable decrease in the estimated future cash flows from the financial assets since the initial recognition of those assets.

For certain category of financial assets, such as trade receivables, if it is determined that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, the assets are included in a group with similar credit risk characteristics and collectively assessed for impairment.

Impairment losses, in respect of financial assets measured at amortised cost, are measured as the differences between the assets' carrying amounts and the present values of their estimated cash flows discounted at the assets' original effective interest rate.

If there is objective evidence that impairment losses have been incurred on financial assets measured at cost less impairment, the amount of impairment losses are measured as the difference between the asset's carrying amount and the best estimate of the amount that the Society would receive for the asset if it were to be sold at the reporting date.

The carrying amounts of the financial assets are reduced directly, except for the carrying amounts of trade receivables which are reduced through the use of an allowance account. Any impairment loss is recognised in profit or loss immediately. If, in subsequent period, the amount of an impairment loss decreases, the previously recognised impairment losses are reversed directly, except for the amounts related to trade receivables which are reversed to write back the amount previously provided in the allowance account. The reversal is recognised in profit or loss immediately.

Derecognition Of Financial Assets

Financial assets are derecognised when the contractual rights to the cash flows from the financial assets expired, or are settled, or the Society transfers to another party substantially all of the risks and rewards of ownership of the financial assets.

On derecognition of financial assets in their entirety, the differences between the carrying amounts and the sum of the consideration received and any cumulative gains or losses are recognised in profit or loss in the period of the transfer.

(c) Equity Instruments

Ordinary shares are classified as equity.

Equity instruments are any contracts that evidence a residual interest in the assets of the Society after deducting all of its liabilities. Equity instruments issued by the Society, other than those issued as part of a business combination or those accounted for in paragraph 22.15A to 22.15B of Section 22 of MPERS, are measured at the fair value of the cash or other resources received or receivable, net of transaction costs. If payment is deferred and the time value of money is material, the initial measurement shall be on a present value basis.

The Society accounts for the transaction costs of an equity as a deduction from equity. Income tax relating to the transaction costs is accounted for in accordance with Section 29 of the MPERS.

Distributions to owners are deducted from the equity. Related income tax is accounted for in accordance with Section 29 of the MPERS.

(d) Financial Liabilities

Financial liabilities are recognised in the statement of financial position when the Society becomes a party to the contractual provisions of the instrument.

On initial recognition, financial liabilities are measured at transaction price, include transaction costs for financial liabilities not measured at fair value through profit or loss, unless the arrangement constitutes, in effect, a financing transaction for the Society to the arrangement.

After initial recognition, financial liabilities are classified into one of three categories: financial liabilities measured at fair value through profit or loss, financial liabilities measured at amortised cost, or loan commitments measured at cost less impairment.

(i) *Financial Liabilities Measured At Fair Value Through Profit Or Loss*

Financial liabilities are classified as at fair value through profit or loss when the financial liabilities are within the scope of Section 12 of the MPERS or if the financial liabilities are publicly traded or their fair value can otherwise be measured reliably without undue cost or effort.

If a reliable measure of fair value is no longer available for an equity instrument that is not publicly traded but is measured at fair value through profit or loss, its fair value at the last date that instrument was reliably measurable is treated as the cost of the instrument, and it is measured at this cost amount less impairment until a reliable measure of fair value becomes available.

(ii) Financial Liabilities Measured At Amortised Cost

After initial recognition, financial liabilities other than financial liabilities at fair value through profit or loss are measured at amortised cost using the effective interest method. Gains or losses are recognised in profit or loss when the financial liabilities are derecognised or impaired.

Effective interest method is a method of calculating the amortised cost of financial liabilities and of allocating the interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimate future cash payments through the expected life of the financial liabilities or, when appropriate, a shorter period, to the carrying amount of the financial liabilities.

(iii) Loan Commitments Measured At Cost Less Impairment

Commitments to receive loan that meet the conditions of Section 11 of the MPERS are measured at cost less impairment.

Derecognition Of Financial Liabilities

Financial liabilities are derecognised when the obligation specified in the contract is discharged, cancelled or expired.

Any difference between the carrying amounts of the financial liabilities derecognised and the consideration paid is recognised in profit or loss.

(e) Income Recognition

Donations received is recognised on a receipt basis.

Zakat received are accounted for separately, receipts are credited to a Zakat Trust Fund and utilisation for distribution to Asnaf are debited as and when Zakat funds are utilised.

Donations in kind is valued based on the commercial value of goods received and on a receipt basis.

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

(f) Income Tax Expense

Income taxes for the financial period comprise current and deferred tax.

Current tax is the expected amount of income taxes payable in respect of the taxable profit for the financial year and is measured using the tax rates that have been enacted or substantively enacted at the end of the reporting period.

Deferred tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements.

Deferred tax liabilities are recognised for all taxable temporary differences other than those that arise from goodwill or excess of the acquirer's interest in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities over the business combination costs or from the initial recognition of an asset or liability in a transaction which is not a business combination and at the time of the transaction, affects neither accounting profit nor taxable profit.

Deferred tax assets are recognised for all deductible temporary differences, unused tax losses and unused tax credits to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, unused tax losses and unused tax credits can be utilised.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period when the asset is realised or the liability is settled, based on the tax rates that have been enacted or substantively enacted at the end of the reporting period.

Deferred tax is recognised in profit or loss, except when it arises from a transaction which is recognised directly in equity, in which case the deferred tax is also charged or credited directly in equity, or when it arises from a business combination that is an acquisition, in which case the deferred tax is included in the resulting goodwill or excess of the acquirer's interest in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities over the business combination costs. The carrying amounts of deferred tax assets are reviewed at each end of the reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the deferred tax assets to be utilised.

(g) Cash And Cash Equivalents

Cash and cash equivalents comprise cash and bank balances including bank overdrafts. Cash equivalents are short-term, highly liquid investments that are readily convertible to known amounts of cash which are subject to an insignificant risk of changes in value.

2. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. There are no significant areas of estimation uncertainty and critical judgement in applying accounting policies that have significant effect on the amounts recognised in the financial statements.

3. INCOME TAX EXPENSE

The Society has no chargeable income for the financial year ended 31 December 2025 as such no provision for taxation was provided for the financial year ended 31 December 2025.

A reconciliation of income tax expense applicable to surplus before taxation at the statutory income tax rate to income tax expense at the effective income tax rate is as follows:

	2025	2024
	RM	RM
Surplus before taxation	<u>3,135</u>	<u>5,135</u>
Income tax expense at Malaysian tax at scale rate under Paragraph 1, Part I, Schedule 1 of Income Tax Act	<u>-</u>	<u>-</u>

4. TABUNG ZAKAT

Zakat monies received do not belong to FFS and must remain untouched for distribution to Asnaf (hard core poor). Therefore, zakat monies are accounted for separately - these monies go to a Zakat trust fund and are managed by FFS for distribution to Asnaf of at least 70%.

5. CATEGORIES OF FINANCIAL INSTRUMENTS

	2025	2024
	RM	RM
Financial assets:		
<u>Measured at amortised cost</u>		
Cash at bank	70,797	135,126
Cash in hand	-	1,260
	<u>70,797</u>	<u>136,386</u>
Financial liabilities:		
<u>Measured at amortised cost</u>		
Cash held for members	-	1,200
Tabung Zakat	37,518	33,180
The Society for the Severely Mentally Handicapped Selangor and Wilayah Persekutuan	<u>14,742</u>	<u>84,717</u>
	<u>52,260</u>	<u>119,097</u>

