

Registration No. PPM-02114-2203-2021

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

Reports and Financial Statements
31 December 2024

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

Reports and Financial Statements
31 December 2024

CONTENTS

| | <i>Page No.</i> |
|---|-----------------|
| SOCIETY INFORMATION | 1 |
| REPORT OF THE COMMITTEE | 2 - 7 |
| REPORT OF THE TREASURER | 8 |
| STATEMENT BY THE COMMITTEE MEMBERS | 9 |
| STATUTORY DECLARATION | 10 |
| INDEPENDENT AUDITORS' REPORT TO THE MEMBERS | 11 - 13 |
| FINANCIAL STATEMENTS | |
| Statement of Financial Position | 14 |
| Statement of Income and Expenditure | 15 |
| Statement of Changes in Accumulated Fund | 16 |
| Statement of Cash Flows | 17 |
| Notes to the Financial Statements | 18- 23 |

PERSATUAN MAKANAN EHSAN
(FREE FOOD SOCIETY)

(Registered under Societies Act, 1966)

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. |

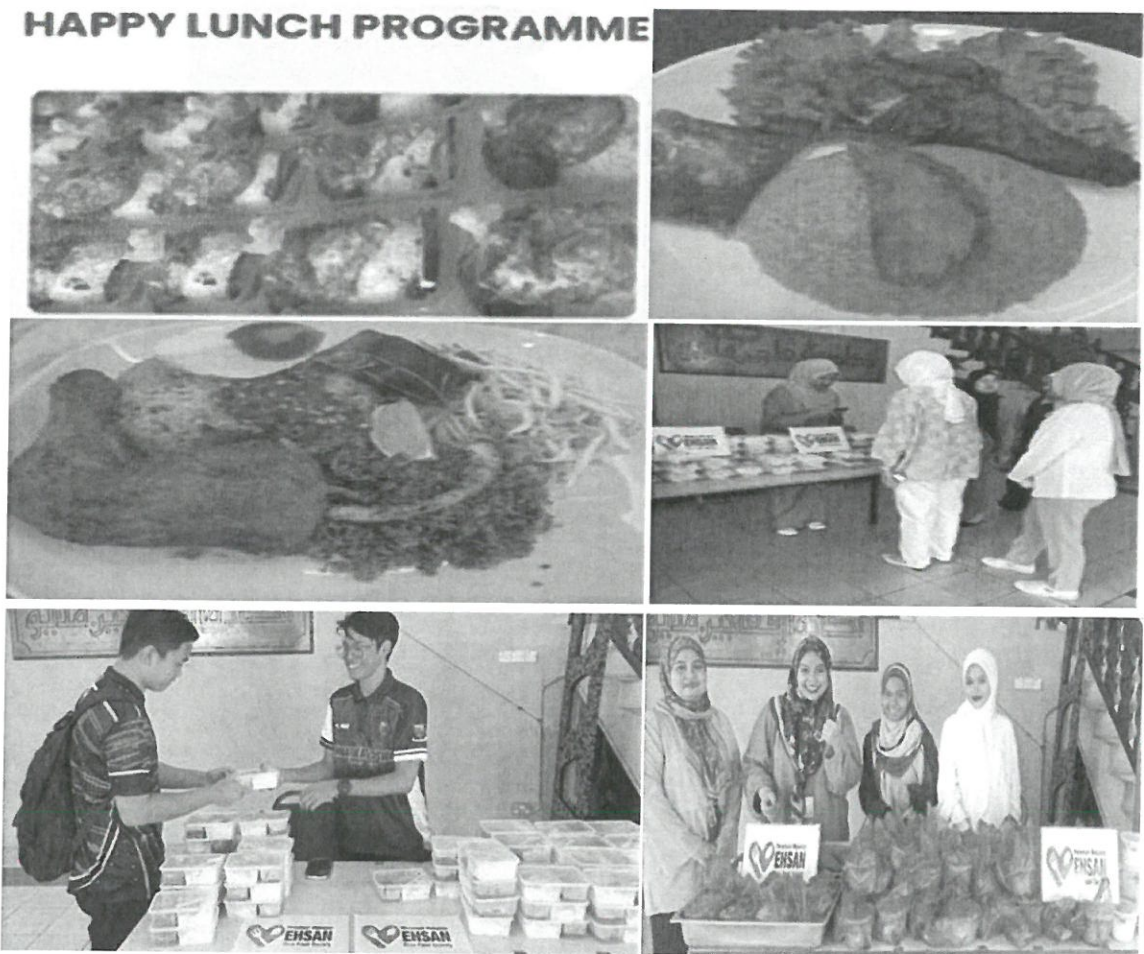
PERSATUAN MAKANAN EHSAN
(FREE FOOD SOCIETY)
(Registered under Societies Act,1966)

REPORT OF THE COMMITTEE

Into its fourth year of operations, Persatuan Makanan Ehsan (Free Food Society or FFS) continued to build upon its momentum of the previous three years. As in 2023, with most economic activities restarting, there was a significant reduction in requests for food aid during 2024 as people found work.

1. FOOD AID

The Society continued to give food aid to selected communities. Apart from continuing to support University Malaya's Happy Lunch project under its Faculty of Islamic Studies, FFS continued supporting several other food aid programs for various under-privileged student groups from University Malaya. The meal assistance programs for needy students range from providing essential food ingredients, to exam-time snacks and even full meals depending on their needs.



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.



A new project started in April 2024 was the distribution of rice. FFS was fortunate to receive 2 tonnes of rice a week (400 bags of 5kg each) a week from a donor as part of his zakat obligations. The Society made the logistics arrangements to collect the rice from the donor in Kuala Lumpur and channel it to various asnaf communities throughout Peninsular Malaysia. Working with specific groups in various states, the Society was able to send the rice to all states in the peninsula.



As in previous years, FFS continued to help communities affected by severe floods in several areas in Terengganu and Kelantan in November-December 2024.



2. SUSTAINABLE PROJECTS

(a) Food Aid

FFS continued its focus on its pilot project with a targeted community which it launched on 11th June 2023. Using data on hardcore poor communities obtained from the Unit Penyelarasan Pembangunan Negeri Wilayah Persekutuan of the Jabatan Perdana Menteri (ICU JPM), the Society initially selected a community of 75 families in Desa Rejang, Setapak.

The project consists of providing food aid to these families twice a month. In 2024, FFS increased the number of families to 85. Each month, FFS food aid packs comprise basic necessities such as rice, cooking oil, flour, sugar, noodles and soy sauce for one delivery and for the next delivery they included fresh food – vegetables, chicken, eggs. For the year, FFS food contribution to the Desa Rejang community was valued at RM73,038.00.





(b) Tuition

The second part of this project, primary school tuition, was launched on the 17th of June 2023. By 2024, we found that many children who had fallen behind in their basic reading, writing and arithmetic skills during the MCO were able to catch up and some even excelled in those skills. We are indeed encouraged by the response to the program and more so by the progress the children are making in these 3 areas. We also conducted a workshop by Motivational Expert Tuan Haji Jamaluddin (through the BAC Group) for the children and their mothers on 8th December 2024 about the Importance of Having an Education. The session was called “Program Pemantapan Pelajar” and was attended by the children and their mothers.





Seeing the progress made by the primary school children through the tuition program, FFS started to provide tuition to the community's secondary school children in May 2024. Run twice a week on Tuesdays and Thursdays, the classes cover Maths, English, BM and History. Response has been good with more than 20 students from lower to upper secondary attending.



During the year, FFS received a donation of 9 refurbished desktop computers from RHB Bank and these were presented to the best students in the secondary tuition group.

(c) Entrepreneurial Development

In furtherance of its goal to help hard core poor communities, the Society started an entrepreneurial development project with another B40 community: housewives and single mothers in the Impian Baiduri PPR Flats in Section 51a, Petaling Jaya. We worked with a community of about 25 women who had small retail businesses, making and selling various food items within their community. Working with BAC's Reliance Culinary College we taught the women new cooking techniques in a 2-day practical session at the Culinary School in the college. They were taught several new products such as lasagne, dim sum and laksa that they could offer outside of their regular menus of nasi lemak, meehoon, kuih, curry puffs etc. Packaging techniques were also taught. We also conducted a workshop on financial tools to teach them about costing, pricing and profitability, and another one on digital marketing.

In 2024, the Society held a total of 3 executive council meetings and several Operations Committee meetings to discuss operations plans and strategies.



Signed on behalf of the Committee Members

DATIN TINA SAW BINTI ABDULLAH
Deputy President

Kuala Lumpur
Date: 13 March 2025

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

REPORT OF THE TREASURER

Our society commenced its activities on 1st April 2021, and this report covers the financial year ended 31 December 2024.

As shown in the Statement of Cash Flows for the financial year under review, we had total monetary receipts of RM377,172 which includes zakat monies and contribution from SSMH. Cash brought forward at the beginning of the financial year amounted to RM36,310 mainly zakat funds held in trust from the previous financial year. For the financial year under review, RM43,381 Zakat funds was received in trust and RM32,144 has since been distributed to Asnaf and flood victims in 2024.

Actual monetary donations and utilisation from escrow funds amounted to RM277,768 and members subscriptions was RM150. The monies received were used to fund distributions amounting to RM254,475. The Society also received donations in kind valued at RM542,005 of which all were fully distributed. Thus, total distributions for the financial year amounted to RM814,788.

Many thanks go to the voluntary service of not just the Committee Members but also ordinary members and many volunteers. For this year, special thanks go to our zakat rice distribution team, our tuition team at PPR Desa Rejang, our entrepreneurial program team at PPR Impian Baiduri and our flood relief team. We would also like to thank our main suppliers, Hero Market and Rayat Mart for their very efficient logistical help in distributing the food aid, and our various PICs, the likes of Ustaz Zamani, Ustaz Ammar, Ustaz Faisal, Syed Hussin and others.

Our expenses for handling all the work that we do including allowances, accounting and administrative services amounted to RM22,621, and this amount was fully underwritten by our members. At the end of the year, we had zakat funds held in escrow of RM33,180, SSMH trust fund held in escrow of RM84,717, member's advances of RM1,200, and a surplus of RM5,135.

Signed by,



PUAN ROZINI BINTI MOHD AMIN
Assistant Treasurer

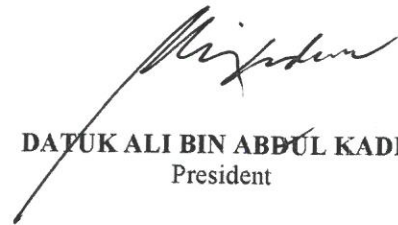
Kuala Lumpur
Date: 13 March 2025

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

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 2024, 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: 13 March 2025

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

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 14 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 13 March 2025



PUAN ROZINI BINTI MOHD AMIN

Before me:



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



Registration No. PPM-02114-2203-2021

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF
PERSATUAN MAKANAN EHSAN
(FREE FOOD SOCIETY)
(Registered under Societies Act, 1966)

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 2024, 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 2024 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.

Registration No. PPM-02114-2203-2021

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.



Registration No. PPM-02114-2203-2021

- 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: 13 March 2025

PERSATUAN MAKANAN EHSAN
(FREE FOOD SOCIETY)

(Registered under Societies Act, 1966)

STATEMENT OF FINANCIAL POSITION
as at 31 December 2024

| | <i>Note</i> | 2024 RM | 2023 RM |
|----------------------------|-------------|----------------|---------------|
| CURRENT ASSETS | | | |
| Cash at bank | | 135,126 | 35,100 |
| Cash in hand | | <u>1,260</u> | <u>1,210</u> |
| | | <u>136,386</u> | <u>36,310</u> |
| CURRENT LIABILITIES | | | |
| Other payable | 4 | 84,717 | - |
| Accruals | | 2,887 | 500 |
| Cash held for members | | 1,200 | 4,600 |
| Tabung Zakat | 5 | <u>33,180</u> | <u>21,943</u> |
| | | <u>121,984</u> | <u>27,043</u> |
| NET CURRENT ASSETS | | <u>14,402</u> | <u>9,267</u> |
| Represented by: | | | |
| RETAINED SURPLUS | | | |
| Accumulated fund | | <u>14,402</u> | <u>9,267</u> |

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

PERSATUAN MAKANAN EHSAN
(FREE FOOD SOCIETY)

(Registered under Societies Act, 1966)

STATEMENT OF INCOME AND EXPENDITURE
for the financial year ended 31 December 2024

| | 2024 | 2023 |
|---|---------------------|---------------------|
| | RM | RM |
| <u>INCOME</u> | | |
| Subscriptions received | 150 | 340 |
| Monetary donations | 277,768 | 236,472 |
| Donations received in kind | 542,005 | 104,554 |
| Operational and admin cost sponsored | 22,621 | 22,346 |
| | <u>842,544</u> | <u>363,712</u> |
| <u>LESS: DIRECT EXPENDITURES</u> | | |
| Distributions made from Donations Received | 146,643 | 97,863 |
| Distributions made from Zakat Account | 32,144 | 134,631 |
| Distributions made from the Society for the Severely Mentally Handicapped Selangor and Wilayah Persekutuan | 68,442 | - |
| Distributions made in kind | 542,005 | 104,554 |
| Operational and distribution cost | 25,554 | 17,830 |
| | <u>814,788</u> | <u>354,878</u> |
| GROSS RECEIPTS OVER PAYMENTS | <u>27,756</u> | <u>8,834</u> |
| <u>LESS: OTHER EXPENDITURES</u> | | |
| Accounting fee | 2,000 | 2,000 |
| Administration expenses | 1,621 | 1,300 |
| Staff allowance | 19,000 | - |
| Tax agent | - | 826 |
| Website fees | - | 720 |
| | <u>22,621</u> | <u>4,846</u> |
| TOTAL OTHER EXPENDITURES INCURRED | <u>22,621</u> | <u>4,846</u> |
| NET RECEIPTS OVER PAYMENTS | <u><u>5,135</u></u> | <u><u>3,988</u></u> |

PERSATUAN MAKANAN EHSAN
(FREE FOOD SOCIETY)

(Registered under Societies Act,1966)

STATEMENT OF CHANGES IN ACCUMULATED FUND
for the financial year ended 31 December 2024

| | Accumulated fund |
|--------------------------------|----------------------|
| | <u>RM</u> |
| At 31 December 2022 | 5,279 |
| Surplus for the financial year | <u>3,988</u> |
| At 31 December 2023 | 9,267 |
| Surplus for the financial year | <u>5,135</u> |
| As at 31 December 2024 | <u><u>14,402</u></u> |

PERSATUAN MAKANAN EHSAN
(FREE FOOD SOCIETY)

(Registered under Societies Act, 1966)

STATEMENT OF CASH FLOWS
for the financial year ended 31 December 2024

| | 2024 | 2023 |
|---|-----------------------|----------------------|
| | RM | RM |
| Opening Cash | 36,310 | 25,305 |
| Gross Donation Received | 377,172 | 260,326 |
| Distributions made | (254,475) | (244,475) |
| Expenses | <u>(22,621)</u> | <u>(4,846)</u> |
| Net Cash Balance | <u>136,386</u> | <u>36,310</u> |
| Cash and cash equivalents at end of period comprise: | | |
| Cash and bank balances | <u><u>136,386</u></u> | <u><u>36,310</u></u> |

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

NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2024

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.

(iii) *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 2024 as such no provision for taxation was provided for the financial year ended 31 December 2024.

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:

| | 2024 RM | 2023 RM |
|---|--------------|--------------|
| Surplus before taxation | <u>5,135</u> | <u>3,988</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. OTHER PAYABLE

| | 2024 | 2023 |
|---|---------------|----------|
| | RM | RM |
| The Society for the Severely Mentally Handicapped Selangor and Wilayah Persekutuan | <u>84,717</u> | <u>-</u> |

5. 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%.

6. CATEGORIES OF FINANCIAL INSTRUMENTS

| | 2024 | 2023 |
|--|----------------|---------------|
| | RM | RM |
| Financial assets: | | |
| <u>Measured at amortised cost</u> | | |
| Cash at bank | 135,126 | 35,100 |
| Cash in hand | <u>1,260</u> | <u>1,210</u> |
| | <u>136,386</u> | <u>36,310</u> |
| Financial liabilities: | | |
| <u>Measured at amortised cost</u> | | |
| Cash held for members | 1,200 | 4,600 |
| Other payable | 84,717 | - |
| Tabung Zakat | <u>33,180</u> | <u>21,943</u> |
| | <u>119,097</u> | <u>26,543</u> |