



A Member Firm of
The Malaysian Institute of Accountants



MALAYSIAN RED CRESCENT SOCIETY
(Incorporated under Malaysian Red Cross Society (Incorporation) Act, 1965)

NATIONAL HEADQUARTERS

**Financial Statements
for the financial year ended
31 December 2020**

MALAYSIAN RED CRESCENT SOCIETY
(Incorporated under Malaysian Red Cross Society (Incorporation) Act, 1965)

NATIONAL HEADQUARTERS

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MALAYSIAN RED CRESCENT SOCIETY
(Incorporated under Malaysian Red Cross Society (Incorporation) Act, 1965)

NATIONAL HEADQUARTERS

NATIONAL EXECUTIVE BOARD MEMBERS

National Chairperson:	YTM Dato' Seri DiRaja Tan Sri Tunku Puteri Intan Safinaz binti Almarhum Sultan Abdul Halim Mu'adzam Shah, DKH., DKYR., SHMS., SSDK., PSM., PAT., JP. Hon.PhD.(UUM), Hon.PhD.(KUIIN), Hon.PhD.(UPNM), Tunku Temenggong Kedah
Deputy National Chairperson:	YBhg. Datuk Wira Dr. Hj. Bahari bin Datuk Abu Mansor
National Vice Chairperson:	YBhg. Dato' Hj. Mohamad Rafiai bin Hj. Moktar YBhg. Dato' Hj. Nasir bin Mustafa YBrs. Dr. S. Selva Jothi YBhg. Datuk Seri Dr. Hj. Noordin bin Ab Razak
National Treasurer:	YBrs. Encik James Kon Yew Liang, PJM (Elected on 28 August 2020) YBrs. Tuan Hj. Hakim bin Hj. Hamzah, AMW, MBA, BA (Hons), CPA (MICPA), ACMI (Resigned on 27 August 2020)
National Elected Officials:	YM Raja Dato' Nazrin bin Raja Tan Sri Aznam YBrs. Prof Madya Dr. Abdul Ali bin Raja Mohamed YBhg. Datuk Dr. Mohamed Alwi bin Abdul Rahman YBhg. Dato' Sri Hj. Suhaimi bin Hj. Yacob YB Dato' Hj. Mohd Rashidi bin Mohd Noor YBhg. Dato' B J Yeang YBrs. Dr. Hj. Seri Buana bin Zainudin YBrs. Puan Lim Bee Yong YBrs. Puan Suhana binti Sidik YBrs. Encik Asnan Yunus Chung

MALAYSIAN RED CRESCENT SOCIETY
(Incorporated under Malaysian Red Cross Society (Incorporation) Act, 1965)

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NATIONAL EXECUTIVE BOARD MEMBERS

**National Elected Officials
(cont'd):**

YBrs. Encik Chong Yong Seen
YBrs. Dr. Chatichai Chong Jian Wei (Appointed on 8 May
2021)

Secretary General:

YBrs. Tuan Hj. Hakim bin Hj. Hamzah, AMW, MBA, BA
(Hons), CPA (MICPA), ACMI (Elected on 28 August
2020)
YBhg. Dato' Sayed A. Rahman bin Sayed Mohd
(Contract ended on 27 August 2020)

MALAYSIAN RED CRESCENT SOCIETY

(Incorporated under Malaysian Red Cross Society (Incorporation) Act, 1965)

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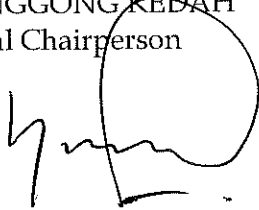
STATEMENT BY THE NATIONAL EXECUTIVE BOARD MEMBERS

We, DATO' SERI DIRAJA TAN SRI TUNKU PUTERI INTAN SAFINAZ BINTI ALMARHUM SULTAN ABDUL HALIM MU'ADZAM SHAH DKH., DKYR., SHMS., SSDK., PSM., PAT., JP. Hon.PhD.(UUM), Hon.PhD.(KUIN), Hon.PhD.(UPNM), TUNKU TEMENGGONG KEDAH and YBrs. Encik James Kon Yew Liang, PJM, being two of the National Executive Board Members of MALAYSIAN RED CRESCENT SOCIETY, do hereby state that in the opinion of the National Executive Board Members, the financial statements set out on pages 7 to 36 are properly drawn up in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the rules and regulations of the MRCS so as to give a true and fair view of the financial position of the MALAYSIAN RED CRESCENT SOCIETY - NATIONAL HEADQUARTERS as at 31 December 2020 and of its financial performance and cash flows for the financial year then ended.

Signed on behalf of the National Executive Board Members in accordance with a resolution of the Executive Board Members,



.....
DATO' SERI DIRAJA TAN SRI TUNKU PUTERI INTAN SAFINAZ
BINTI ALMARHUM SULTAN ABDUL HALIM MU'ADZAM
SHAH DKH., DKYR., SHMS., SSDK., PSM., PAT., JP. Hon.PhD.
(UUM), Hon.PhD.(KUIN), Hon.PhD.(UPNM), TUNKU
TEMENGGONG KEDAH
National Chairperson



.....
JAMES KON YEW LIANG, PJM
National Treasurer

Kuala Lumpur.
Dated:

MALAYSIAN RED CRESCENT SOCIETY

(Incorporated under Malaysian Red Cross Society (Incorporation) Act, 1965)

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STATUTORY DECLARATION

I, JAMES KON YEW LIANG, PJM being the National Treasurer primarily responsible for the financial management of MALAYSIAN RED CRESCENT SOCIETY - NATIONAL HEADQUARTERS, do solemnly and sincerely declare that the accompanying financial statements set out on pages 7 to 36, are to the best of my knowledge and belief, 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 above named at **SUBANG JAYA**)
~~Kuala Lumpur~~ in)
SELANGOR DARUL EHSAN)
the Federal Territory this **20 DEC 2021**)



.....
JAMES KON YEW LIANG, PJM

Before me,



NO 65, 2ND FLOOR, JALAN USJ 10/1A,
TAIPAN TRIANGLE,
47820 SUBANG JAYA, SELANGOR D.E

- 805, Level 8, Blok E
Phileo Damansara 1
Jalan 16/11, Off Jalan Damansara
46350 Petaling Jaya, Selangor
- Tel : 03 – 7954 4000
Email : info@jeffreyco.com.my

Independent Auditors' Report

To the National Executive Boards Members
MALAYSIAN RED CRESCENT SOCIETY ("MRCS")
(Incorporated under Malaysian Red Cross Society (Incorporation) Act, 1965)

NATIONAL HEADQUARTERS

Report on the Financial Statements

Opinion

We have audited the financial statements of Malaysian Red Crescent Society ("MRCS") – National Headquarters, which comprise the statements of financial position as at 31 December 2020, and the statements of comprehensive income, statements of changes in equity and statements 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 7 to 36.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Society as at 31 December 2020, and of its financial performance and its cash flows for the year ended in accordance with Malaysian Financial Reporting Standard, International Financial Reporting Standard 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' Responsibility 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 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' Code of *Ethics for Professional Accountants* ("IESBA Code"), and we have fulfilled our other ethical responsibilities in accordance with the By-Laws and the IESBA Code.

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Independent Auditors' Report (cont'd)

Report on the Financial Statements (cont'd)

Responsibilities of the National Executive Board Members for the Financial Statements

The National Executive Board Members of the Society are responsible for the preparation of financial statements of the Society that give a true and fair view in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standard and the rules and regulations of the Society. The National Executive Board Members are also responsible for such internal control as the National Executive Board Members determine 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 National Executive Board Members are responsible for assessing the Society'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 National Executive Board Members either intend to liquidate the Society 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 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 exist. 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 judgment and maintain professional skepticism throughout the audit. We also:

- Identify 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.

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Independent Auditors' Report (cont'd)

Report on the Financial Statements (cont'd)

Auditors' Responsibilities for the Audit of the Financial Statements (cont'd)

- 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 National Executive Board Members.
- Conclude on the appropriateness of the National Executive Board Members' 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 National Executive Board Members 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.

We also provide the National Executive Board Members with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the National Executive Board Members, we determine those matters that were of most significance in the audit of the financial statements of the Society for the current year and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

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Independent Auditors' Report (cont'd)

Report on other Legal and Regulatory Requirements

In accordance with the requirements of the Malaysian Accounting Standard Board, we also report the following:

- a) We are satisfied that the accounts of the MRCS - Tsunami Fund and MRCS - (999-24 HR. EMERGENCY SERVICES)- NAS that have been consolidated with the financial statements of the Society are in form and content appropriate and proper for the purposes of the preparation of the consolidated financial statements and we have received satisfactory information and explanations required by us for those purposes.
- b) We have audited the financial statements of MRCS- International Relief Fund and satisfied that the financial statements are in form and content appropriate and proper for the purposes of the preparation of the consolidated financial statements, except for, we were unable to obtain sufficient appropriate audit evidence on RM631,854 of fixed deposit accounts as the relevant documents were not made available to us. Consequently, we were unable to determine whether any adjustments to this amounts were necessary.

Other Matters

This report is made solely to the National Council of the Society, as a body, in accordance with the rules and regulations of the MRCS in Malaysia and for no other purpose. We do not assume any responsibility to any other person for the content of this report.



Jeffrey Suffian
Firm No. AF001963
Chartered Accountants



Jeffrey Bin Bosra
No. 2595/07/23 (J)
Chartered Accountant

Date: 20 December 2021
Selangor

MALAYSIAN RED CRESCENT SOCIETY

(Incorporated under Malaysian Red Cross Society (Incorporation) Act, 1965)

NATIONAL HEADQUARTERS**Statement of Financial Position as at 31 December 2020**

	Note	Group		Society	
		2020 RM	2019 RM	2020 RM	2019 RM
Non - Current Assets					
Property, plant and equipment	4	2,656,126	2,000,132	1,443,227	1,957,976
Work - in - progress	5	1,553,351	1,207,601	1,553,351	1,207,601
Total Non- Current Assets		4,209,477	3,207,733	2,996,578	3,165,577
Current Assets					
Inventories	6	954,789	644,410	954,789	644,410
Trade receivables	7	407,438	436,044	252,349	250,708
Other receivables	8	281,212	358,087	1,356,259	769,211
Fixed deposits placed with licensed banks	9	6,145,819	2,856,693	1,038,134	1,139,792
Cash and bank balances		1,049,421	527,572	638,828	318,794
Total Current Assets		8,838,679	4,822,806	4,240,359	3,122,915
Total Assets		13,048,156	8,030,539	7,236,937	6,288,492
Equity					
Accumulated Surplus/(Deficit)		6,564,721	7,527,780	(9,135,254)	(7,117,924)
Project funds	10	382,264	377,762	382,264	377,762
Total Equity		6,946,985	7,905,542	(8,752,990)	(6,740,162)
Non- Current Liability					
Deferred income	11	4,493,942	-	-	-
Total Current Liability		4,493,942	-	-	-
Current Liability					
Trade payables		211,530	-	-	-
Other payables and accruals	12	1,395,699	124,997	15,989,927	13,028,654
Total Current Liability		1,607,229	124,997	15,989,927	13,028,654
Total Liabilities		6,101,171	124,997	15,989,927	13,028,654
Total Equity and Liabilities		13,048,156	8,030,539	7,236,937	6,288,492

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

MALAYSIAN RED CRESCENT SOCIETY

(Incorporated under Malaysian Red Cross Society (Incorporation) Act)

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Statement of Comprehensive Income for the year ended 31 December 2020

	Note	Group		Society	
		2020 RM	2019 RM	2020 RM	2019 RM
Revenue	13	10,357,620	5,936,885	2,339,452	3,659,884
Other operating income	14	1,530,126	180,107	379,254	100,816
Project expenses	15	(7,500,714)	(1,972,479)	(1,541,796)	(937,088)
Administrative expenses		(5,350,091)	(4,352,468)	(3,194,240)	(2,885,255)
Deficit before taxation	16	(963,059)	(207,955)	(2,017,330)	(61,643)
Taxation	17	-	-	-	-
Deficit after taxation		(963,059)	(207,955)	(2,017,330)	(61,643)

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

MALAYSIAN RED CRESCENT SOCIETY

(Incorporated under Malaysian Red Cross Society (Incorporation) Act, 1965)

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Statement of Changes in Equity for the year ended 31 December 2020

Group	Accumulated	Project	Total
	surplus	Funds	
	RM	RM	RM
Balance at 1 January 2019	7,735,735	377,762	8,113,497
Deficit for the financial year	(207,955)	-	(207,955)
Balance at 31 December 2019	7,527,780	377,762	7,905,542
Interest from fixed deposits for the financial year	-	4,502	4,502
Deficit for the financial year	(963,059)	-	(963,059)
Balance at 31 December 2020	6,564,721	382,264	6,946,985

Society	Accumulated	Project	Total
	Deficit	Funds	
	RM	RM	RM
Balance at 1 January 2019	(7,056,281)	377,762	(6,678,519)
Deficit for the financial year	(61,643)	-	(61,643)
Balance at 31 December 2019	(7,117,924)	377,762	(6,740,162)
Interest from fixed deposits for the financial year	-	4,502	4,502
Deficit for the financial year	(2,017,330)	-	(2,017,330)
Balance at 31 December 2020	(9,135,254)	382,264	(8,752,990)

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

MALAYSIAN RED CRESCENT SOCIETY

(Incorporated under Malaysian Red
(Incorporated in Malaysia)

NATIONAL HEADQUARTERS

Statement of Cash Flows for the year ended 31 December 2020

	Note	Group		Society	
		2020 RM	2019 RM	2020 RM	2019 RM
Cash flows from operating activities					
Deficit before taxation		(963,059)	(207,955)	(2,017,330)	(61,643)
Adjustment for:					
Depreciation of property, plant and equipment		724,942	914,239	521,545	658,637
Interest income		71,292	165,300	1,620	99,588
Provision for doubtful debts		(33,397)	(65,980)	-	-
Operating (deficit)/surplus before working capital changes		(200,222)	805,604	(1,494,165)	696,582
Changes in working capital:					
Decrease/(Increase) in receivables		350,408	227,344	(588,689)	122,863
Increase/(Decrease) in other payables		1,270,702	(65,694)	2,961,273	(75,684)
(Increase)/Decrease in inventories		(310,379)	120,767	(310,379)	120,767
Increase in deferred income		4,493,942	-	-	-
Cash generated from operating activities		5,604,451	1,088,021	568,040	864,528
Interest income		(71,292)	(165,300)	(1,620)	(99,588)
Net cash generated from operating activities		5,533,159	922,721	566,420	764,940
Cash flows from investing activities					
Purchase of property, plant and equipment		(1,380,936)	(614,908)	(6,796)	(613,138)
Additional cost for work-in-progress		(345,750)	(1,176,305)	(345,750)	(1,207,601)
Additional interest received for project fund		4,502	-	4,502	-
Net cash used in investing activities		(1,722,184)	(1,791,213)	(348,044)	(1,820,739)
Net Increase/(Decrease) in cash and cash equivalents		3,810,975	(868,492)	218,376	(1,055,799)
Cash and cash equivalents at beginning of year		3,384,265	4,252,757	1,458,586	2,514,385
Cash and cash equivalents at end of year		7,195,240	3,384,265	1,676,962	1,458,586
Cash and cash equivalents comprise:					
Cash and cash at bank		1,049,421	527,572	638,828	318,794
Fixed deposits with licensed banks	9	6,145,819	2,856,693	1,038,134	1,139,792
		7,195,240	3,384,265	1,676,962	1,458,586

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

MALAYSIAN RED CRESCENT SOCIETY

(Incorporated under Malaysian Red Cross Society (Incorporation) Act, 1965)

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Notes to the Financial Statements - year ended 31 December 2020

1. Society Information

The principal activities of the Malaysian Red Crescent Society ("the Society") are to promote humanitarian principles and values, disaster response, disaster preparedness and health and care in the community.

There have been no significant changes in the nature of these activities during the financial year under review.

The Society is incorporated in Malaysia under Malaysian Red Cross Society (Incorporation) Act, 1965 and domiciled in Malaysia.

The financial statements have been approved by the National Council Members in accordance with a resolution of the National Council Members on

2. Basis of preparation

a) Statement of compliance

The financial statements of the Society have been prepared under the historical cost convention unless otherwise stated in the accounting policies below and in accordance with the Malaysian Financial Reporting Standards ("MFRSs"), International Financial Reporting Standards and the rules and regulations of Malaysian Red Crescent Society, ("MRCS").

The preparation of financial statements in conformity with MFRS requires the use of certain critical accounting estimates and assumptions that affect the reported amount of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amount of revenues and expenses during the reported period. It also requires National Executive Board Members to exercise their judgement in the process of applying the Society's accounting policies. Although these estimates and judgement are based on the National Executive Board Members' best knowledge of current events and actions, actual results may differ. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in Note 2(c) to the financial statements.

2. Basis of preparation (cont'd)

a) Statement of compliance (cont'd)

During the current financial year, the Society has adopted the following new accounting standards and interpretations (including the consequential amendments, if any):

- MFRS 16, *Leases*
- Amendments to MFRS 9, *Financial Instruments (Prepayment Features With Negative Compensation)*
- Amendments to MFRS 119, *Employee Benefits (Plan Amendment, Curtailment or Settlement)*
- Amendments to MFRS 128, *Long term interest in Associates and Joint Venture*
- Amendments to MFRS, *Annual Improvement to MFRS Standards 2015-2017 Cycle*
- IC Interpretation 23, *Uncertainty over Income Tax Treatments*

The adoption of these new MFRSs, amendments to MFRSs and IC Interpretation did not result in significant changes in the accounting policies of the Society, and has no significant effect on the financial performance or position of the Society, except as disclose below;

MFRS 9 Financial Instruments

This Standard addresses the classification, measurement and recognition of financial assets and financial liabilities.

Classification determines how financial assets and financial liabilities are accounted for in financial statements and, in particular, how they are measured on an ongoing basis. The Standard introduces an approach for classification of financial assets which is driven by cash flow characteristics and the business model in which an asset is held. The new model also results in a single impairment model being applied to all financial instruments, thereby removing a source of complexity associated with previous accounting requirements.

If financial asset is simple debt instrument and the objective of the entity's business model within which it is held is to collect its contractual cash flows, the financial asset is measured at amortised cost. In contrast, if that asset is held in a business model the objective of which is achieved by both collecting contractual cash flows and selling financial assets, then the financial asset is measured at a fair value in the balance sheet, and amortised cost information is provided through profit or loss.

If the business model is neither of this, then fair value information is increasingly important, so it is provided both in the profit or loss and in the balance sheet.

2. Basis of preparation (cont'd)

a) Statement of compliance (cont'd)

MFRS 9 Financial Instruments (cont'd)

The Standard introduces a new, expected-loss impairment model that will require more timely recognition of expected credit losses. Specifically, it requires entities to account for expected credit losses from when financial instruments are first recognised and to recognise full lifetime expected losses on a timelier basis. The model requires an entity to recognise expected credit losses at all times and to update the amount of expected credit losses recognised at each reporting date to reflect changes in the credit risk of financial instruments. This model is forward-looking and it eliminates the threshold for the recognition of expected credit losses, so that it is no longer necessary for a trigger event to have occurred before credit losses are recognised.

Standards and amendments in issue but not yet effective

At the date of authorization for issue of these financial statements, the new and amendments to MFRSs which were in issue but not yet effective and not early adopted by the society are as listed below:

Effective for annual periods beginning on or after 1 January 2020

- Amendments to MFRS 3, *Business Combinations – Definition of a Business*
- Amendments to MFRS 101, *Presentation of Financial Statements and MFRS 108, Accounting Policies, (Changes in Accounting Estimates and Errors- Definition of Material)*

Effective for annual periods beginning on or after 1 January 2021

- Amendments MFRS 9, MFRS 139 and MFRS 7, MFRS 4, and MFRS 16, *Interest rate benchmark reform – Phase 2*

Effective for annual periods beginning on or after 1 January 2022

- Amendments MFRS 3, *Reference to the Conceptual Framework*
- Amendments MFRS 116, *Property, plant and equipment- Proceeds before intended use*
- Amendments MFRS 137, *Onerous contracts-Cost of Fulfilling a Contract*
- Amendments to MFRSs, *Annual Improvement to MFRS 2018-2020 Cycle*

Effective for annual periods beginning on or after 1 January 2023

- Amendments MFRS 101, *Classification of Liabilities as Current or Non-Current*
- Amendments MFRS 4, *Extension of Temporary Exemption from Applying MFRS 9*

2. Basis of preparation (cont'd)

a) Statement of compliance (cont'd)

The board members anticipate that the abovementioned standards and amendments will be adopted in the annual financial statements of the Society when they become effective and that the adoption of these standards and amendments will have no material impact on the financial statements of the Society in the period of initial application.

b) Basis of measurement

The financial statements have been prepared on the historical cost basis other than as disclosed in Note 3.

c) Functional and presentation currency

The financial statements of the Society are presented in Ringgit Malaysia ("RM"), which is also the Society's functional currency. All financial information presented in RM has been rounded to the nearest RM, unless otherwise stated.

d) Significant accounting estimates and judgments

Significant areas of estimation, uncertainty and critical judgements used in applying accounting principles that have significant effect on the amount recognised in the financial statements are described in the following paragraphs:

- (i) Valuation of land and buildings - the valuation of land and buildings performed by management is based on independent professional valuations with reference to direct comparison method, being comparison of current prices in an active market for similar properties in the same location and condition and when necessary, adjusting for location, accessibility, visibility, time, terrain, size, present market trends and other differences, and cost method of valuation, being assumed to have a direct relationship with its cost of construction, is then adjusted to allow for cost of finance, profit and demand to reflect its profitable present market value. The management believes that the chosen valuation techniques and assumptions are appropriate in determining the valuation of the Society's land and buildings.

2. Basis of preparation (cont'd)

d) Significant accounting estimates and judgments (cont'd)

- (ii) Impairment of property, plant and equipment- the Society assess impairment of property, plant and equipment when there is an indication that the carrying amount of an asset may be impaired, the asset's recoverable amount, being the higher of its fair value less costs to sell and its value-in-use ("VIU"), will be assessed. The assessment of the recoverable amounts involves a number of methodologies. In determining the VIU of an asset, being the future economic benefits to be expected from its continued use and ultimate disposal, the Society make estimates and assumptions that require significant judgements. While the Society believe these estimates and assumptions of VIU such as discount rate, revenue growth and costs of sales could be reasonable and appropriate, changes on these estimates and assumptions of VIU could impact the Society's financial position and results.
- (iii) Depreciation of property, plant and equipment - the cost of property, plant and equipment are depreciated on a straight line basis over the assets' useful lives and lease term respectively. Management estimates the useful lives of these property, plant and equipment to be within 10 to 50 years based on past experience with similar assets or/and common life expectancies of the industries. Changes in the expected level of usage and technological developments could impact the economic useful lives and the residual values of these assets resulting in revision of future depreciation or amortisation charges.
- (iv) Impairment loss on receivables - the Society accounts for expected credit losses and changes in those expected credit losses at each reporting date to reflect changes in credit risk since initial recognition. The Society uses a simplified approach for measuring the loss allowance at an amount equal to lifetime expected credit loss ("ECL") for trade receivables, contract assets and lease receivables.
- (v) Inventories - the distribution of inventories are reviewed by management on a periodic basis. This review involves comparison of the carrying value of the inventory items with the respective net realisable value. The purpose is to ascertain whether a write down to net realisable value is required to be made.

Notes to the Financial Statements – year ended 31 December 2020

3. Summary of significant accounting policies

The accounting policies set out below have been applied consistently to the periods presented in these financial statements.

a) Basis of accounting

The financial statements have been prepared under the historical cost convention (unless otherwise indicated in the individual accounting policies).

b) Divisions and basis of consolidation

(i) Divisions

The consolidated financial statements of the Group incorporate financial statements of the Society with the following divisions in the Society:

- i. 999-24 HR. Emergency Services – NAS
- ii. International Relief Fund
- iii. Tsunami Fund

These entities are controlled by the Group. Controls exists when the Group has the ability to exercise its power to govern the operating policies of a division as to obtain benefits from its activities. These divisions are consolidated using the purchase method of accounting.

(ii) Transactions eliminated on consolidation

Intra-group balances and transactions arising from intra-group transactions are eliminated in preparing consolidated financial statements. These intra-group eliminations will result in the Group's financial statements to reflect external transactions only.

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

c) Property, plant and equipment and depreciation

i. Recognition and measurement

Items in property, plant and equipment are measured at cost less any accumulated depreciation and any accumulated impairment losses.

Cost includes expenditures that are directly attributable to the acquisition of the asset and any other costs directly attributable to bringing the asset to working condition for its intended use, and the costs of dismantling and removing the items and restoring the site on which they are located.

The cost of self-constructed assets also includes the cost of materials and direct labour. Cost also may include transfers from equity of any gain or loss on qualifying hedges of foreign currency purchases of property, plant and equipment.

The gain or loss on disposal of an item of property, plant and equipment is determined by comparing the proceeds from disposal with the carrying amount of plant and equipment and is recognised net within "other income" or "other expenses" respectively in profit or loss.

ii. Subsequent Costs

The cost of replacing a component of an item of property, plant and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the component will flow to the society and its cost can be measured reliably. The carrying amount of the replaced component is derecognized to profit or loss. The costs of the day-to-day servicing of property, plant and equipment are recognised in profit or loss as incurred.

iii. Depreciation

Depreciation is based on the cost of an asset less its residual value. Significant components of individual assets are assessed, and if a component has a useful life that is different from remainder of that asset, then that component are depreciated separately.

Long term leasehold land and buildings	2%
Cabin	10%
PABX system	10%
Disaster Relief equipment	10%
Furniture equipment	15%
Disaster Relief Vehicles and Boats	10% - 20%
Ambulances	10% - 20%
Office equipment and renovations	12% - 20%
Motor vehicles	20%
Computers and software	20%

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

d) Work-in-Progress

(i) Recognition and Measurement

Cost includes expenditures that are directly attributable to the acquisition of the asset and any other costs directly attributable to bringing the asset to working condition for its intended use, and the costs of dismantling and removing the items and restoring the site on which they are located. The cost of self-constructed assets also includes the cost of materials and direct labour. Cost also may include transfers from equity of any gain or loss on qualifying hedges of foreign currency purchases of plant and equipment.

(ii) Subsequent Costs

The cost of replacing a component of an item of plant and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the component will flow to the Company and its cost can be measured reliably. The carrying amount of the replaced component is derecognized to profit or loss. The costs of the day-to-day servicing of plant and equipment are recognised in profit or loss as incurred.

(iii) Depreciation

Work-in-progress relates to the construction of the Humanitarian Field School which is still on-going. No depreciation is provided until the completion of the project.

e) Cash and cash equivalents

Cash and cash equivalents consists of cash in hand, bank balances and deposits with banks and highly liquid investments which have an insignificant risk of changes in value.

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

f) Government grants and program fund

Government grants and program fund are 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.

- (a) Grants that compensate the Society for expenses incurred are recognised as income over the periods necessary to match the grant on a systematic basis to the costs that it is intended to compensate. These grants are recognised as other operating income in the statement of comprehensive income. Grants that compensate the Society for the cost of an asset are recognised as income on a systematic basis over the useful life of the asset.
- (b) A grant that imposes specified future performance conditions on the recipient is recognised in income only when the performance conditions are met.
- (c) Grants received before the revenue recognition criteria are satisfied are recognised as a liability.

g) Inventories

Inventories are measured at the lower of cost and estimated selling price less costs to complete and sell.

The costs of inventories is calculated using the weighted average method, and excludes expenditure incurred in acquiring the inventories, production or conversion costs and other costs incurred in bringing them to their existing location and condition.

At each reporting date, the Society whether any inventories are impaired by comparing the carrying amount of each item of inventory of similar items with its selling price less costs to complete and sell. If an item of inventory of similar items is impaired.

The Society reduces the carrying amount of the inventory of similar items to its selling price less costs to complete and sell. That reduction is an impairment loss it is recognised immediately in profit or loss.

If it is impracticable to determine the selling price less costs to complete and sell for inventories item by item, items of inventory relating to the same product line that have similar purpose or end uses and are produces and marketed in the same geographical area are grouped together for the purpose of assessing impairment of the inventory.

Notes to the Financial Statements – year ended 31 December 2020

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

h) Project funds

Project funds relate to specific funds established by certain donors with the Society for specific purposes. These amounts are recorded at amortised cost with interests (if any) from fixed deposits accrued accordingly.

i) Deferred income

Deferred income relates to an annual grant from the government to conduct pre-hospital and ambulance treatment services in the Klang Valley Hotspot area. The grant is solely for the purpose of ambulance services in the Klang Valley. Deferred income is recognised at amortised cost and expensed as and when incurred.

j) Employee benefits

i. Short-term employee benefits

Short-term employee benefit obligations in respect of salaries, annual bonuses, paid annual leave and sick leave are measured on an undiscounted basis and are expensed as the related service is provided.

A liability is recognised for the amount expected to be paid under short-term cash bonus or profit-sharing plans if the Society has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

ii. State plans

The Society contributions to statutory pension funds are charged to profit or loss in the financial year to which they relate. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in future payments is available.

iii. Defined benefits plans

As required by Law, companies in Malaysia make contributions to the Employees Provident Fund.

k) Income tax

Malaysian Red Crescent Society is exempted from income tax under the Income Tax Act, 1967.

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

(l) Revenue recognition

Revenue is recognised when the amount of the revenue can be measured reliably.

- i. Donation both in cash and in kind is accounted for as and when received.
- ii. Interest on fixed deposits is reported at maturity and is not accrued.
- iii. Rental income from investment property is recognised in profit or loss on a straight-line basis over the term of the lease. Lease incentives granted are recognised as an integral part of the total rental income, over the term of the lease. Rental income from sub-leased property is recognised as other income.
- iv. Government grants are recognised upon receipt or when there is reasonable assurance that the grant will be received and all attaching conditions will be complied with.

(m) Impairment of non-financial assets

The carrying amounts of assets are reviewed at each reporting date to determine whether there is any indication of impairment. If such an indication exists, the asset's recoverable amount is estimated. An impairment loss is recognised whenever the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount. Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss unless it reverses a previous revaluation in which case it is charged to the revaluation surplus. Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss, unless it reverses an impairment loss on revalued assets, in which case, the reversal is treated as a revaluation increase.

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

(n) Financial instruments

Financial assets and financial liabilities are recognised when the Society become a party to the contractual provision of the instrument. Financial assets and liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit and loss) are added to or deducted from the fair value measured on initial recognition of financial asset or financial liability. The transaction costs directly attributable to the acquisition of financial assets and financial liabilities at fair value through profit and loss are immediately recognised in the statements of profit and loss. Where the fair value of a financial asset at initial recognition is different from its transaction price, the difference between the fair value and the transaction price is recognised as a gain or loss in the statements of profit or loss. However, trade receivables that do not contain a significant financing component are measured at Transaction price.

Financial assets measured at amortised cost

Financial assets are subsequently measured at amortised cost if these financial assets are held within a business model whose objective is to hold these assets in order to collect contractual cash flows and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. The effective interest method is a method of calculating the amortised cost of a financial instrument and of allocating interest income or expense over the relevant period. The effective interest rate is the rate that exactly discounts future cash receipts or payments through the expected life of the financial instrument, or where appropriate, a shorter period

Financial assets measured at fair value through other comprehensive income ("FVTOCI")

Financial assets are measured at fair value through other comprehensive income if these financial assets are held within a business model whose objective is to hold these assets in order to collect contractual cash flows or to sell these financial assets and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Interest income calculated using the effective interest method, foreign exchange gains and losses and impairment are recognised in profit or loss. Dividends are recognised as income in profit or loss unless the dividend clearly represents a recovery of part of the cost of investment. Other net gains and losses are recognised in other comprehensive income.

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

(n) Financial instruments (cont'd)

Financial assets measured at fair value through profit or loss (“FVTPL”)

Financial asset not measured at amortised cost or at fair value through other comprehensive income is carried at fair value through the statements of profit and loss. Fair value changes are recognised in the statements of profit or loss at each reporting period.

Impairment of financial assets and contract assets

An impairment loss is recognised in profit or loss based on expected credit losses (“ECL”) at the end of each reporting period. ECLs are probability-weighted estimates of credit losses. Credit losses are measured at the present value of all cash shortfalls (i.e. the difference between the cash flows due to the Society in accordance with the contract and the cash flows that the Society expects to receive). ECLs are discounted at the effective interest rate of the financial asset. Lifetime ECL represents the expected credit losses that will result from all possible default events over the expected life of a financial instrument. 12-month ECL represents the portion of lifetime ECL that is expected to result from defaults event on a financial instrument that are possible within 12 months after the end of reporting period.

Reversal of impairment loss to profit or loss, if any, is restricted to not exceeding what the amortised cost would have been had the impairment not been recognised previously.

The Society apply the simplified approach to measure the impairment of trade receivables, contract assets and lease receivables at lifetime ECL. The ECL are estimated based on the Society’s historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current as well as the forecast direction of conditions at the end of the reporting period, including time value of money where appropriate.

To measure the ECL, trade receivables and contract assets have been grouped based on shared credit risk characteristics and the days past due. The contract assets relate to unbilled work in progress and have substantially the same risk characteristics as the trade receivables. The Society have therefore concluded that the expected loss rates for trade receivables are a reasonable approximation of the loss rates for the contract assets.

For other financial assets such as other receivables and amount due from intercompany, the Society recognise lifetime ECL when there has been a significant increase in credit risk since initial recognition. However, if the credit risk on the financial instrument has not increased significantly since initial recognition, the Society measure the impairment losses for that financial instrument at an amount equal to 12-month ECL.

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

(n) Financial instruments (cont'd)

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECL, the Society consider reasonable and supportable information that is relevant and available without due cost or effort. This includes both quantitative and qualitative information and analysis, based on the Society's historical experience and informed credit assessment and includes forward looking information.

Impairment of financial assets and contract assets (cont'd)

At the end of each reporting period, the Society assess whether the financial assets carried at amortised cost are credit-impaired. A financial asset is "credit-impaired" when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred, such as debtor who have defaulted on payment, or are in significant financial difficulties, or it is becoming probable that the borrower will enter bankruptcy.

These assets are written off when there is no reasonable expectation of recovery, with case by- case assessment performed based on indicators such as insolvency or demise. Subsequent recoveries of amounts previously written off are recognised in profit or loss as bad debts recovered.

Deposits and bank balances of the Society are placed with reputable financial institution with high credit ratings and no history of default. Hence, the Society do not expect any losses from default or non-performance by the counterparties.

Derecognition of financial assets

The Society derecognise a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Society neither transfer nor retain substantially all the risks and rewards of ownership and continues to control the transferred asset, the Society recognise its retained interest in the asset and an associated liability for amounts it may have to pay. If the Society retain substantially all the risks and rewards of ownership of a transferred financial asset, the Society continue to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received. On the recognition of a financial asset (except for financial assets measured at FVTOCI), the difference between the carrying amount and the consideration received is recognised in the statements of profit or loss.

Notes to the Financial Statements – year ended 31 December 2020

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

(o) Financial liabilities and equity instruments

Classification as debt or equity

Financial liabilities and equity instruments issued by the Society are classified according to the substance of the contractual arrangements entered into and the definitions of a financial liability and an equity instrument.

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Society are recognised at the proceeds received, net of direct issue costs.

Financial liabilities

Payables are initially measured at fair value, net of transaction costs, and are subsequently measured at amortised cost, using the effective interest rate method where the time value of money is significant. Interest bearing bank loans, overdrafts and issued debt are initially measured at fair value and are subsequently measured at amortised cost using the effective interest rate method. Any difference between the proceeds (net of transaction costs) and the settlement or redemption of borrowings is recognised over the term of the borrowings in the statements of profit or loss.

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability, or a shorter period, to the net carrying amount on initial recognition.

Derecognition of financial liabilities

The Society derecognise financial liabilities when, and only when, the Society's obligations are discharged, cancelled or they expire. The differences between the carrying amount of the financial liability derecognised and the consideration paid is recognised in the statements of profit or loss and other comprehensive income.

Notes to the Financial Statements – year ended 31 December 2020

4. Property, plant and equipment

Group	Long term leasehold land and building	Cabin	PABX system	Disaster relief equipment	Furniture equipment	Disaster relief vehicles and boats	Ambulances	Office equipment and renovations	Motor vehicles	Computers And Software	Total
<i>Cost</i>											
As at 1.1.2020	1,040,839	11,200	56,261	260,442	166,589	553,519	1,881,425	2,162,830	3,270,195	519,529	9,922,829
Additions	-	-	-	-	-	-	1,374,140	-	-	6,796	1,380,936
As at 31.12.2020	1,040,839	11,200	56,261	260,442	166,589	553,519	3,255,565	2,162,830	3,270,195	526,325	11,303,765
<i>Accumulated Depreciation</i>											
As at 1.1.2020	392,272	11,199	54,663	208,157	155,634	553,515	1,881,423	1,981,462	2,211,120	473,252	7,922,697
Charge for the year	10,408	-	782	8,456	3,503	-	164,327	45,669	457,616	34,181	724,942
As at 31.12.2020	402,680	11,199	55,445	216,613	159,137	553,515	2,045,750	2,027,131	2,668,736	507,433	8,647,639
<i>Net Carrying Amount</i>											
As at 31.12.2020	638,159	1	816	43,829	7,452	4	1,209,815	135,699	601,459	18,892	2,656,126
As at 31.12.2019	648,567	1	1,598	52,285	10,955	4	2	181,368	1,059,075	46,277	2,000,132
Depreciation charge for the year ended 31.12.19	10,408	-	782	8,456	6,936	-	219,756	109,503	522,153	36,245	914,239

Notes to the Financial Statements – year ended 31 December 2020

4. Property, plant and equipment (Cont'd)

Society

	Long term leasehold land and building	PABX system	Disaster relief equipment	Furniture equipment	Disaster relief vehicles and boats	Office equipment and renovations	Motor vehicles	Computers And Software	Total
	RM	RM	RM	RM	RM	RM	RM	RM	RM
Cost									
As at 1.1.2020	1,040,839	56,261	260,442	146,570	553,519	2,054,062	3,270,195	407,264	7,789,152
Additions	-	-	-	-	-	-	-	6,796	6,796
As at 31.12.2020	1,040,839	56,261	260,442	146,570	553,519	2,054,062	3,270,195	414,060	7,795,948
Accumulated Depreciation									
As at 1.1.2020	392,272	54,663	208,157	135,616	553,515	1,892,740	2,211,120	383,093	5,831,176
Charge for the year	10,408	782	8,456	3,503	-	28,704	457,616	12,076	521,545
As at 31.12.2020	402,680	55,445	216,613	139,119	553,515	1,921,444	2,668,736	395,169	6,352,721
Net Carrying Amount									
As at 31.12.2020	638,159	816	43,829	7,451	4	132,618	601,459	18,891	1,443,227
As at 31.12.2019	648,567	1,598	52,285	10,954	4	161,322	1,059,075	24,171	1,957,976
Depreciation charge for the year ended 31.12.19	10,408	782	8,456	4,895	-	92,538	522,153	19,405	658,637

Notes to the Financial Statements – year ended 31 December 2020

5. Work- in- Progress

	Group and society	
	2020	2019
	RM	RM
As at 1 January	1,207,601	31,296
Cost incurred during the year	345,750	1,176,305
As at 31 December	1,553,351	1,207,601

Work-in-progress consists of all cost incurred for Humanitarian Field School Project which is still under development.

6. Inventories

	Group and society	
	2020	2019
	RM	RM
Hygiene kits	-	25,760
Donation -in- kind	954,789	454,233
Disaster relief	-	164,417
	954,789	644,410

The above inventory items were donated during the financial year.

7. Trade receivables

	Group		Society	
	2020	2019	2020	2019
	RM	RM	RM	RM
Trade receivables	725,602	720,811	363,389	361,748
(-) Provision for doubtful debts	(318,164)	(284,767)	(111,040)	(111,040)
	407,438	436,044	252,349	250,708

Notes to the Financial Statements – year ended 31 December 2020

8. Other receivables

	Group		Society	
	2020	2019	2020	2019
	RM	RM	RM	RM
Deposits -utilities	12,100	12,100	11,000	11,000
Due from chapters	193,257	209,297	193,257	209,297
Due from 999-24 HR. emergency services	-	-	1,152,002	413,910
Sundry receivables	75,855	136,690	-	135,004
	<u>281,212</u>	<u>358,087</u>	<u>1,356,259</u>	<u>769,211</u>

These amount due from 999-24 HR. emergency services is non-trade in nature, unsecured, interest- free and has no fixed term of repayment.

9. Fixed deposits with licensed banks

	Group		Society	
	2020	2019	2020	2019
	RM	RM	RM	RM
Licensed banks	4,202,838	-	-	-
Datin Paduka Ruby Lee	22,429	22,429	22,429	22,429
Datin Habibon Charity Fund	33,583	33,583	33,583	33,583
East Coast relief fund	598,944	598,944	598,944	598,944
Humanitarian Law	48,677	48,677	48,677	48,677
PM's Quality Award	67,683	67,683	67,683	67,683
Tun Abdul Razak	89,800	89,800	89,800	89,800
Tunku Mohammad	135,098	135,098	135,098	135,098
Tsunami	56,630	66,248	-	-
Nepal Earthquake Fund	631,854	631,854	-	-
Sulawesi Earthquake Fund	216,363	256,063	-	-
YTL Charity Fund	-	106,160	-	106,160
Others	37,418	800,154	37,418	37,418
	<u>6,141,317</u>	<u>2,856,693</u>	<u>1,033,632</u>	<u>1,139,792</u>

The interest rates of fixed deposit range from 3.0% to 3.7% (2019: 3.0% - 3.7%) per annum and matured between 30 to 365 days.

Notes to the Financial Statements – year ended 31 December 2020

10. Project funds

	Group and Society	
	2020	2019
	RM	RM
Tunku Mohamed Foundation	131,509	131,509
Humanitarian Law Fund	44,215	44,215
Tun Abdul Razak Award Fund	83,488	83,488
Prime Minister Quality Award Fund	68,450	68,450
Datin Paduka Ruby Lee Fund	20,100	20,100
Training and institute	30,000	30,000
	<u>377,762</u>	<u>377,762</u>

11. Deferred income

Group	Unutilised brought forward	Allocation for the year	Utilised during the year	Unutilised carried forward
2020				
Operating grant:				
- Operating expenditure	-	1,500,000	(739,259)	760,741
Fund income:				
- Responds Malaysia	-	6,176,952	(2,618,751)	3,558,201
- ICRC Covid-19 Program	-	260,000	(85,000)	175,000
	<u>-</u>	<u>7,851,952</u>	<u>(3,358,010)</u>	<u>4,493,942</u>

Operating grant

The Society has been granted an annual grant to conduct pre – hospital and ambulance treatment services in the Klang Valley Hotspot area. The grant is solely for the purpose of ambulance services in the Klang Valley. At the middle of the financial year, the Society has received in advance full amount of the allocated grant amounting to RM1,000,000 and RM500,000 from Jabatan Kebajikan Masyarakat and Kementerian Kesihatan Malaysia respectively. (2019: RM1,000,000 and RM500,000).

Notes to the Financial Statements – year ended 31 December 2020

12. Other payables and accruals

	Group		Society	
	2020 RM	2019 RM	2020 RM	2019 RM
Accruals	440,910	124,997	128,041	78,575
Due to International Relief Fund	-	-	(i) 11,093,356	9,699,201
Due to Tsunami Fund	-	-	(i) 3,716,736	3,153,873
Due to 999-24 HR. emergency services	-	-	(i) 97,005	97,005
Donation – in - kind- Nestle	954,789	-	(ii) 954,789	-
	<u>1,395,699</u>	<u>124,997</u>	<u>15,989,927</u>	<u>13,028,654</u>

- (i) These amounts due to International Relief Fund, due to Tsunami Fund and due to 999 24 HR. emergency services are non-trade in nature, unsecured, interest- free and with no fixed terms of repayment.
- (ii) This amount relates the balance of in-kind contribution from Nestle Products Sdn. Bhd. (“the donor”) as at the end of the financial year. The donor made an in-kind contribution of RM 3,464,133 under their emergency aid and assistance 2020 programme targeted at families and/or communities affected by the Covid-19 pandemic and flood in the east coast region.

Notes to the Financial Statements – year ended 31 December 2020

13. Revenue

	Note	Group		Society	
		2020 RM	2019 RM	2020 RM	2019 RM
Donation		806,024	196,903	-	70,000
Beatlemania Charity Concert		271,082	-	-	-
DREF Program		708,094	209,110	430,700	209,110
Disaster Management Anjung Singgah Yayasan Kebajikan Masyarakat		187,810	290,639	187,810	290,639
Ambulance standby duties		207,125	363,476	-	-
Government grant					
-Ambulance	8(a)	615,708	1,000,000	-	-
-Ministry of Health	8(b)	123,551	500,000	-	-
Give2 Asia		200,310	-	-	-
IRFC- CPA Program		23,268	-	-	-
IFRC - Covid 19		2,307,413	-	-	-
ICRC - Covid 19		210,000	-	-	-
Training income		206,035	511,063	206,035	511,063
Transfer patient Promotion/OD program		13,000	18,381	-	-
		-	30,815	-	30,815
Petronas Cub Prix		-	84,000	-	-
Red Ready Program		-	184,241	-	-
Responds Malaysia		3,119,903	-	501,152	-
Rental income		1,028,994	1,105,846	1,028,994	1,105,846
Yayasan hasanah		350,000	-	100,000	-
WHO		88,528	-	-	-
-Others		159,467	29,753	153,453	29,753
		<u>10,709,820</u>	<u>5,936,885</u>	<u>2,691,652</u>	<u>3,659,884</u>

(a) The Ministry of Family, Women and Community Development of Malaysia reimburses the Society for all expenses incurred within its approved expenditure budget on the Ambulance Services for RM1,000,000 (2019: RM1,000,000).

(b) The Ministry of Health provides a grant amounting to RM500,000 (2019: RM 500,000).

Notes to the Financial Statements – year ended 31 December 2020

14. Other operating income

	Group		Society	
	2020 RM	2019 RM	2020 RM	2019 RM
Hibah	1,634	1,228	1,634	1,228
Interest on fixed deposits	71,292	178,879	25,420	99,588
Donation received- Ambulance	1,105,000	-	-	-
	<u>1,177,926</u>	<u>180,107</u>	<u>27,054</u>	<u>100,816</u>

15. Project expenses

	Group		Society	
	2020 RM	2019 RM	2020 RM	2019 RM
Admin, Finance and Building				
Management service	57,730	83,722	57,730	59,027
Ambulance services	411,117	803,314	-	-
Anjung Singgah- YKM	124,010	227,099	124,010	227,099
Beatlemania program	8,086	-	-	-
CSR program	-	8,500	-	-
Disaster relief services	341,392	388,626	341,392	388,626
Dref program	995,116	-	-	-
IFRC- Covid 19	862,536	-	-	-
ICRC - Covid 19	85,000	-	-	-
Match project and Yayasan				
Hasanah	199,187	-	-	-
Qatar program	127,950	-	-	-
Responds Malaysia	3,600,880	-	783,034	-
Red Ready program	351,143	198,882	137,479	-
Training & Institute	83,414	148,438	83,414	148,438
Sabah program	175,191	-	-	-
Others	77,962	113,898	14,737	113,898
	<u>7,500,714</u>	<u>1,972,479</u>	<u>1,541,796</u>	<u>937,088</u>

Notes to the Financial Statements – year ended 31 December 2020

16. Deficit before taxation

Deficit before taxation is derived after charging/
(Crediting):-

	Group		Society	
	2020 RM	2019 RM	2020 RM	2019 RM
Auditors' remuneration	34,000	33,500	14,000	15,000
Depreciation of property, plant and equipment	724,942	914,239	521,545	658,637
Interest income	<u>(57,109)</u>	<u>(182,643)</u>	<u>(25,420)</u>	<u>(99,588)</u>

(a) Employee information

	Group 2020 RM		Society 2019 RM	
Staff costs (excluding members of National Executive Board Members / National Council)	2,958,428	2,338,950	1,423,834	1,267,418

Included in staff costs above are contributions made to the Employees Provident Fund under a defined contribution plan for the Group and Society amounting to RM368,420 and RM129,482(2019: RM204,638 and RM 125,128).

17. Taxation

No provision for taxation has been made for the financial year as the Malaysia Red Crescent Society has been granted tax exempt status under the Income Tax Act, 1967.

Notes to the Financial Statements – year ended 31 December 2020

18. Financial risk management objectives and policies

The Society's financial risk management policy seeks to ensure that adequate financial resources are available for the development of the Society's businesses whilst managing its interest rate, liquidity/funding and credit risks. The Society operates within clearly defined guidelines that are approved by the Board and the Society's policy is not to engage in speculative transactions.

a) Interest rate risk

Cash flow interest rate risk is the risk that the future cash flow of a financial instrument will fluctuate because of changes in market interest rates. Fair value interest rate risk is the risk that the value of a financial instrument will fluctuate due to changes in market interest rates.

As the Society has no significant interest-bearing financial assets, the Society's income and operating cash flows are substantially independent of changes in market interest rates. The Society's interest-bearing financial assets are mainly short term in nature and have been mostly placed in fixed deposits.

b) Liquidity and cash flow risk

The Society maintains a certain level of cash and cash convertible investments to meet its working capital requirements.

The table below summaries the maturity profile of the Society's financial liabilities as the reporting date based on the contractual undiscounted repayment obligations:

2020 Group	Carrying Amounts RM	Total Contractual Cash flows RM	On demand or within one year RM
Financial liabilities	<u>1,607,229</u>	<u>1,607,229</u>	<u>1,607,229</u>
2020 Society	Carrying Amounts RM	Total Contractual Cash flows RM	On demand or within one year RM
Financial liabilities	<u>15,989,927</u>	<u>15,989,927</u>	<u>15,989,927</u>

18. Financial risk management objectives and policies (cont'd)

c) Credit risk

Credit risk, or the risk of counterparties defaulting, is controlled by the application of credit approvals, limits and monitoring procedures. Credit risk is minimised and monitored via strictly limiting the Society's associations to business partners with high creditworthiness.

Trade receivables are monitored on an ongoing basis via Society management reporting procedures. The Society does not have any significant exposure to any individual customer or counterparty. The Society does not have any major concentration of credit risk related to any financial instruments.

d) Fair values

The carrying amounts of cash and cash equivalents and other receivables and other payables approximate fair values due to the relatively short term nature of these financial instruments.

The aggregate fair value of the other financial assets and liabilities carried on the statement of financial position approximates its carrying value and the Society does not anticipate the carrying amounts recorded at the reporting date to be significantly different from the values that would eventually be settled.

Fair value hierarchy

The Society uses the following hierarchy for determining and disclosing the fair value of financial instruments by valuation technique.

Level 1: Quoted (unadjusted) prices in active markets for identical assets or liabilities

Level 2: Other techniques for which all inputs which have a significant effect on the recorded fair value are observable, either directly or indirectly

Level 3: Technique which use inputs that have a significant effect on the recorded fair value that are not based on observable market data.

19. Capital management

The Society relies on both the internally generated funds and donations as working capital to sustain its operations.