

INSTITUTE FOR DEMOCRACY AND ECONOMIC AFFAIRS BERHAD  
(Incorporated in Malaysia)  
(Limited by Guarantee)

ANNUAL REPORT AND FINANCIAL STATEMENTS  
30 SEPTEMBER 2017

**ROGER YUE, TAN & ASSOCIATES**  
CHARTERED ACCOUNTANTS

Firm No: AF 0134

Company No.  
940689-W

INSTITUTE FOR DEMOCRACY AND ECONOMIC AFFAIRS BERHAD  
(Incorporated in Malaysia)  
(Limited by Guarantee)

ANNUAL REPORT AND FINANCIAL STATEMENTS  
30 SEPTEMBER 2017

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INSTITUTE FOR DEMOCRACY AND ECONOMIC AFFAIRS BERHAD  
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DIRECTORS' REPORT

The Directors hereby submit their report and the audited financial statements of the Institute for the financial year ended 30 September 2017.

DIRECTORS

The Directors in office during the financial year and during the period from the end of the financial year to the date of the report are:

Wan Saifulruddin Bin Wan Jan  
Yeoh Su-Wern (appointed on 31.5.2017)  
Mazrina Binti Arifin (appointed on 31.5.2017)  
Tunku Zain Al-Abidin Ibni Tuanku Muhriz (resigned on 31.5.2017)  
Wan Mohd Firdaus Bin Wan Mohd Fuaad (resigned on 31.5.2017)  
Christopher Leong Sau Foo (resigned on 31.5.2017)  
Thillainathan A/L Ramasamy (resigned on 31.5.2017)

As the Institute is a corporation limited by guarantee and has no share capital, the Directors do not consider it applicable to report on the matters under Fifth Schedule, Section 253 Part I (1)(c), (1)(e), (1)(f), Part I(5), and Part I(6) of the Companies Act, 2016.

PRINCIPAL ACTIVITIES

The Institute is principally engaged in raising, receiving and administering funds for education, helping address poverty, a non profit charitable organisation, conduct charitable activities and other related activities for the benefit of the community.

FINANCIAL RESULTS

|                      |               |
|----------------------|---------------|
|                      | RM            |
| Deficit for the year | <u>28,155</u> |

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OTHER STATUTORY INFORMATION

- (a) Before the financial statements of the Institute were prepared, the Directors took reasonable steps:
- (i) to ascertain that proper action had been taken in relation to the writing off of bad debts and the making of allowance for doubtful debts and satisfied themselves that all known bad debts had been written off and that adequate allowance had been made for doubtful debts; and
  - (ii) to ensure that any current assets, which were unlikely to be realised in the ordinary course of business including the values of current assets as shown in the accounting records of the Institute had been written down to an amount which the current assets might be expected so to realise.
- (b) At the date of this report, the Directors are not aware of any circumstances:
- (i) which would render the amounts written off for bad debts or the amount of the allowance for doubtful debts inadequate to any substantial extent; or
  - (ii) which would render the values attributed to current assets in the financial statements of the Institute misleading; or
  - (iii) which have arisen which would render adherence to the existing method of valuation of assets or liabilities of the Institute misleading or inappropriate.
- (c) At the date of this report, there does not exist:
- (i) any charge on the assets of the Institute which has arisen since the end of the financial year which secures the liabilities of any other person; or
  - (ii) any contingent liability of the Institute which has arisen since the end of the financial year.
- (d) No contingent or other liability has become enforceable or is likely to become enforceable within the period of twelve months after the end of the financial year which, in the opinion of the Directors, will or may affect the ability of the Institute to meet its obligations when they fall due.

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- (e) At the date of this report, the Directors are not aware of any circumstances not otherwise dealt with in this report or the financial statements of the Institute which would render any amount stated in the respective financial statements misleading.
- (f) In the opinion of the Directors:
- (i) the results of the operations of the Institute during the financial year were not substantially affected by any item, transaction or event of a material and unusual nature; and
  - (ii) there has not arisen in the interval between the end of the financial year and the date of this report any item, transaction or event of a material and unusual nature likely to affect substantially the results of the operations of the Institute for the financial year in which this report is made.

#### AUDITORS' REMUNERATION

Details of auditors' remuneration are set out in Note 16 to the financial statements.

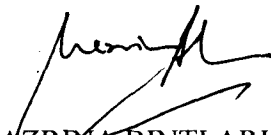
#### AUDITORS

The auditors, Roger Yue, Tan & Associates have expressed their willingness to continue in office.

This report was approved by the Board of Directors on - 8 FEB 2018 . Signed on behalf of the Board of Directors:



WAN SAIFULRUDDIN  
BIN WAN JAN  
Director



MAZRINA BINTI ARIFIN  
Director

Petaling Jaya

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INSTITUTE FOR DEMOCRACY AND ECONOMIC AFFAIRS BERHAD  
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STATEMENT BY DIRECTORS  
PURSUANT TO SECTION 251(2) OF THE COMPANIES ACT, 2016


We, the undersigned, being two of the Directors of INSTITUTE FOR DEMOCRACY AND ECONOMIC AFFAIRS BERHAD do hereby state on behalf of the Directors that in our opinion, the accompanying financial statements together with the notes thereon, are drawn up in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the Companies Act, 2016 in Malaysia so as to give a true and fair view of the financial position of the Institute as at 30 September 2017 and financial performance of the Institute for the financial year then ended.

Signed on behalf of the Board in accordance with a resolution of the Directors dated - 8 FEB 2018



WAN SAIFULRUDDIN  
BIN WAN JAN  
Director

Petaling Jaya

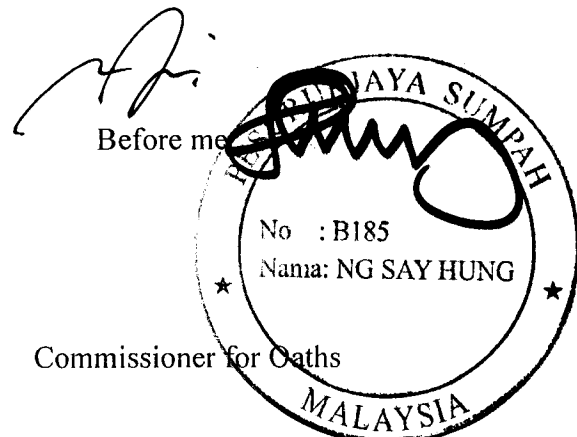


MAZRINA BINTI ARIFIN  
Director

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

I, WAN SAIFULRUDDIN BIN WAN JAN (NRIC NO. 750620-02-5579), being the Director primarily responsible for the financial management of INSTITUTE FOR DEMOCRACY AND ECONOMIC AFFAIRS BERHAD do solemnly and sincerely declare that the accompanying financial statements together with the notes thereon, are in my opinion correct, and I make this solemn declaration conscientiously believing the same to be true, and by virtue of the provisions of the Statutory Declarations Act, 1960.

Subscribed and solemnly declared )  
by the abovenamed at Petaling Jaya )  
in Selangor Darul Ehsan )  
this day of - 8 FEB 2018 )



# ROGER YUE, TAN & ASSOCIATES

CHARTERED ACCOUNTANTS (FIRM NO: AF : 0134)

WISMA GOSHEN (1ST FLOOR), NO. 60 & 62, JALAN SS 22/21, DAMANSARA JAYA,  
47400 PETALING JAYA, SELANGOR DARUL EHSAN, MALAYSIA  
TEL: (603) 7726 2828 (HUNTING LINE) FAX: (603) 7728 9986 E-mail: ryt@ryt.com.my

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## INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF

INSTITUTE FOR DEMOCRACY AND ECONOMIC AFFAIRS BERHAD  
(Incorporated in Malaysia)  
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30 SEPTEMBER 2017

### Report on the Audit of the Financial Statements

#### Opinion

We have audited the financial statements of INSTITUTE FOR DEMOCRACY AND ECONOMIC AFFAIRS BERHAD, which comprise the statement of financial position as at 30 September 2017, and the statement of profit or loss and other comprehensive income, statement of changes in accumulated deficit and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, as set out.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Institute as at 30 September 2017, and of its financial performance and its cash flows for the year then ended in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act, 2016 in Malaysia.

#### Basis for Opinion

We conducted our audit in accordance with Approved Standards on Auditing in Malaysia and International Standards on Auditing. Our responsibilities under these 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 Institute 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.

**ROGER YUE, TAN & ASSOCIATES**  
**(FIRM NO: AF : 0134)**

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**Information Other than the Financial Statements and Auditors' Report Thereon**

The Directors of the Institute are responsible for the other information. The other information comprises the Directors' Report but does not include the financial statements of the Institute and our auditors' report thereon.

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

In connection with our audit of the financial statements of the Institute, our responsibility is to read the Directors' Report and, in doing so, consider whether the Directors' Report is materially inconsistent with the financial statements of the Institute 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 Directors' Report, we are required to report that fact. We have nothing to report in this regard.

**Responsibilities of the Directors for the Financial Statements**

The Directors of the Institute are responsible for the preparation of financial statements of the Institute that give a true and fair view in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act, 2016 in Malaysia. The Directors are also responsible for such internal control as the Directors determine is necessary to enable the preparation of financial statements of the Institute that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements of the Institute, the Directors are responsible for assessing the Institute's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Institute or to cease operations, or have no realistic alternative but to do so.



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### Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements of the Institute as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Approved Standards on Auditing in Malaysia and International Standards on Auditing will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Approved Standards on Auditing in Malaysia and International Standards on Auditing, we exercise professional judgement and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements of the Institute, 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 Institute's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors.
- Conclude on the appropriateness of the Directors' 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 Institute'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 Institute 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 Institute to cease to continue as a going concern.

**ROGER YUE, TAN & ASSOCIATES**  
(FIRM NO: AF : 0134)

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- Evaluate the overall presentation, structure and content of the financial statements of the Institute, 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 Directors 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 Institute, as a body, in accordance with Section 266 of the Companies Act, 2016 in Malaysia and for no other purpose. We do not assume responsibility to any other person for the content of this report.



ROGER YUE, TAN & ASSOCIATES  
AF : 0134  
Chartered Accountants



TANG YE W YIN  
2200/09/19 (J)  
Chartered Accountant

Petaling Jaya

Date : - 8 FEB 2018

Company No.  
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INSTITUTE FOR DEMOCRACY AND ECONOMIC AFFAIRS BERHAD  
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STATEMENT OF FINANCIAL POSITION – 30 SEPTEMBER 2017

|  | Note | 2017<br>RM       | 2016<br>RM       |
|--|------|------------------|------------------|
| <b><u>ASSETS</u></b>                                 |      |                  |                  |
| <b><u>Non-current asset</u></b>                      |      |                  |                  |
| Property, plant and equipment                        | 3    | 223,593          | 281,502          |
| <b><u>Current assets</u></b>                         |      |                  |                  |
| Trade and other receivables                          | 4    | 164,326          | 174,418          |
| Bank and cash balances                               | 5    | 892,688          | 585,088          |
| Tax recoverable                                      |      | 2,906            | 9,173            |
|  |      | 1,059,920        | 768,679          |
| <b>TOTAL ASSETS</b>                                  |      | <b>1,283,513</b> | <b>1,050,181</b> |
| <b>ACCUMULATED DEFICIT AND<br/>LIABILITIES</b>       |      |                  |                  |
| <b>ACCUMULATED DEFICIT</b>                           |      | (220,211)        | (192,056)        |
| <b>UNSECURED LONG TERM LOAN</b>                      | 6    | 359,811          | 359,811          |
|  |      | 139,600          | 167,755          |
| <b><u>LIABILITIES</u></b>                            |      |                  |                  |
| <b><u>Non-current liability</u></b>                  |      |                  |                  |
| Deferred tax   | 7    | 8,871            | 8,487            |
| <b><u>Current liabilities</u></b>                    |      |                  |                  |
| Trade and other payables                             | 8    | 1,100,081        | 873,939          |
| Amount due to director                               | 9    | 34,961           | -                |
|  |      | 1,135,042        | 873,939          |
| <b>Total liabilities</b>                             |      | <b>1,143,913</b> | <b>882,426</b>   |
| <b>TOTAL ACCUMULATED DEFICIT<br/>AND LIABILITIES</b> |      | <b>1,283,513</b> | <b>1,050,181</b> |

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

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STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE YEAR ENDED 30 SEPTEMBER 2017

|   |    | 1.10.2016<br>TO<br>30.9.2017<br>RM | 1.1.2016<br>TO<br>30.9.2016<br>RM |
|---|----|------------------------------------|-----------------------------------|
| <b>INCOME</b>   |    |                                    |                                   |
| Donations And Grants  | 10 | 2,882,434                          | 2,158,827                         |
| Tuition Fees – Ideas Autism Centre  |    | 91,000                             | 75,025                            |
|   |    | <u>2,973,434</u>                   | <u>2,233,852</u>                  |
| <b>OTHER OPERATING INCOME</b>   |    | <u>43,858</u>                      | <u>78,780</u>                     |
|   |    | <u>3,017,292</u>                   | <u>2,312,632</u>                  |
| <b>ADMINISTRATION EXPENSES</b>  |    |                                    |                                   |
| Cost of special projects  | 11 | 43,898                             | 66,070                            |
| Cost of units   |    |                                    |                                   |
| - Research and publications   | 12 | 544,985                            | 326,648                           |
| - External relations  | 13 | 700,883                            | 562,970                           |
| - IDEAS Autism Centre   | 14 | 643,094                            | 552,362                           |
| - IDEAS Academy   | 15 | -                                  | 510                               |
| General operations  |    | 1,025,899                          | 768,259                           |
|   |    | <u>2,958,759</u>                   | <u>2,276,819</u>                  |
| <b>OTHER OPERATING EXPENSES</b>   |    | <u>75,078</u>                      | <u>62,179</u>                     |
| <b>TOTAL EXPENDITURE</b>  |    | <u>3,033,837</u>                   | <u>2,338,998</u>                  |
| <b>Deficit before tax</b>   | 16 | (16,545)                           | (26,366)                          |
| Tax expense   | 19 | <u>(11,610)</u>                    | <u>(3,100)</u>                    |
| <b>Deficit after tax and representing total comprehensive loss for the year</b> |    | <u>(28,155)</u>                    | <u>(29,466)</u>                   |

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

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STATEMENT OF CHANGES IN ACCUMULATED DEFICIT  
FOR THE YEAR ENDED 30 SEPTEMBER 2017

|   | Accumulated<br>Deficit<br>RM | Total<br>RM      |
|---|------------------------------|------------------|
| At 1 January 2016                       | (162,590)                    | (162,590)        |
| Total comprehensive loss for the period | <u>(29,466)</u>              | <u>(29,466)</u>  |
| At 30 September 2016                    | <u>(192,056)</u>             | <u>(192,056)</u> |
| At 1 October 2016                       | (192,056)                    | (192,056)        |
| Total comprehensive loss for the year   | <u>(28,155)</u>              | <u>(28,155)</u>  |
| At 30 September 2017                    | <u>(220,211)</u>             | <u>(220,211)</u> |

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

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STATEMENT OF CASH FLOWS FOR THE YEAR ENDED

30 SEPTEMBER 2017

|  | 1.10.2016<br>TO<br>30.9.2017<br>RM | 1.1.2016<br>TO<br>30.9.2016<br>RM |
|--|------------------------------------|-----------------------------------|
| <b>CASH FLOWS FROM OPERATING ACTIVITIES</b>                  |                                    |                                   |
| Deficit before tax   | (16,545)                           | (26,366)                          |
| Adjustments for:   |                                    |                                   |
| Depreciation   | 75,078                             | 62,179                            |
| Interest income  | (8,345)                            | (7,005)                           |
| <b>OPERATING SURPLUS BEFORE WORKING<br/>CAPITAL CHANGES</b>  | 50,188                             | 28,808                            |
| Decrease/(increase) in receivables                           | 10,092                             | (18,169)                          |
| Increase in payables   | 226,142                            | 132,049                           |
| Increase in director's account                               | 34,961                             | -                                 |
| <b>CASH GENERATED FROM OPERATIONS</b>                        | 321,383                            | 142,688                           |
| Interest received  | 8,345                              | 7,005                             |
| Taxes paid   | (9,500)                            | (7,119)                           |
| Taxes refunded   | 4,541                              | -                                 |
| <b>NET CASH GENERATED FROM<br/>OPERATING ACTIVITIES</b>      | 324,769                            | 142,574                           |
| <b>CASH FLOWS FROM INVESTING ACTIVITY</b>                    |                                    |                                   |
| Purchase of property, plant and equipment                    | (17,169)                           | (20,052)                          |
| <b>NET INCREASE IN CASH AND CASH<br/>EQUIVALENTS</b>         | 307,600                            | 122,522                           |
| <b>CASH AND CASH EQUIVALENTS AT<br/>BEGINNING OF YEAR</b>    | 585,088                            | 462,566                           |
| <b>CASH AND CASH EQUIVALENTS AT END OF<br/>YEAR (NOTE 5)</b> | 892,688                            | 585,088                           |

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

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INSTITUTE FOR DEMOCRACY AND ECONOMIC AFFAIRS BERHAD  
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NOTES TO THE FINANCIAL STATEMENTS

30 SEPTEMBER 2017

1. GENERAL INFORMATION

The Institute is a public company incorporated and domiciled in Malaysia as a company limited by guarantee without a share capital. The Institute is principally engaged in raising, receiving and administering funds for education, helping address poverty, a non profit charitable organisation, conduct charitable activities and other related activities for the benefit of the community.

The registered office of the Institute is located at 1-17-1, Menara Bangkok Bank @ Berjaya Central Park, No. 105, Jalan Ampang, 50450 Kuala Lumpur.

The address of the principal place of business of the Institute is located at F4, Taman Tunku, Bukit Tunku, 50480 Kuala Lumpur.

The financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the Directors on 8 February 2018.

2. SIGNIFICANT ACCOUNTING POLICIES

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

2.1 Basis of Preparation

The financial statements of the Institute have been prepared in accordance with Malaysian Financial Reporting Standards (“MFRSs”), International Financial Reporting Standards and the Companies Act, 2016 in Malaysia.

2.2 Statement of Compliance

The following are accounting standards, amendments and interpretations of the MFRS framework that have been issued by the Malaysian Accounting Standards Board (“MASB”) but have not been adopted by the Institute:

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2. SIGNIFICANT ACCOUNTING POLICIES - Continued

2.2 Statement of Compliance - Continued

**MFRSs, Interpretations and Amendments effective for annual periods beginning on or after 1 January 2017**

Amendments to MFRS 12, Disclosure of Interests in Other Entities (Annual Improvements to MFRS Standards 2014-2016 cycle)

Amendments to MFRS 107, Statement of Cash Flows : Disclosure Initiative

Amendments to MFRS 112, Income Taxes: Recognition of Deferred Tax Assets for Unrealised Losses

**MFRSs, Interpretations and Amendments effective for annual periods beginning on or after 1 January 2018**

MFRS 9, Financial Instruments (2014)

MFRS 15, Revenue from Contracts with Customers

Clarifications to MFRS 15: Revenue from contracts with customers

IC Interpretations 22, Foreign Currency Transactions and Advance Consideration

Amendments to MFRS 1, First-time adoption of Malaysian Financial Reporting Standards (Annual Improvements to MFRS Standards 2014-2016 cycle)

Amendments to MFRS 2, Share-based payment : Classification and Measurement of Share-based Payment Transactions

Amendments to MFRS 4, Insurance Contracts : Applying MFRS 9 Financial Instruments with MFRS 4 Insurance Contracts

Amendments to MFRS 128, Investment in Associates and Joint Ventures (Annual Improvements to MFRS Standards 2014-2016 cycle)

Amendments to MFRS 140, Investment Property : Transfer of Investment property

**MFRSs, Interpretations and Amendments effective for annual periods beginning on or after 1 January 2019**

MFRS 16 Leases



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2. SIGNIFICANT ACCOUNTING POLICIES - Continued

2.2 Statement of Compliance - Continued

**MFRSs, Interpretations and Amendments effective for annual periods beginning on or after 1 January 2021**

MFRS 17 Insurance Contracts

**MFRSs, Interpretations and Amendments effective for a date yet to be confirmed**

Amendments to MFRS 10, Consolidated Financial Statements

MFRS 128, Investments in Associates and Joint Ventures – Sale or Contribution of Assets between an Investor and its associate or Joint Venture

The Directors anticipate that the abovementioned standards, Amendments and Interpretations will be adopted when they become effective if applicable to the Institute and that the adoption of these standards, Interpretations and Amendments will have no material impact on the financial statements of the Institute in the period of initial application except as mentioned below.

(i) MFRS 9, Financial Instruments

MFRS 9 replaces the guidance in MFRS 139, Financial Instruments: Recognition and Measurement on the classification and measurement of financial assets and financial liabilities, and on hedge accounting.

The Institute are currently assessing the financial impact that may arise from the adoption of MFRS 9.

2.3 Basis of Measurement

The financial statements of the Institute have been prepared under the historical cost convention except for those indicated in the individual policy notes.

2.4 Functional and Presentation Currency

The financial statements are stated in Ringgit Malaysia (RM), which is the Institute's functional currency.

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2. SIGNIFICANT ACCOUNTING POLICIES - Continued

2.5 Use of Estimates and Judgements

The preparation of financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expense. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in any future periods affected.

There are no significant areas of estimation uncertainty and critical judgements in applying accounting policies that have significant effect on the amount recognised in the financial statements.

2.6 Property, Plant and Equipment

(i) Recognition and measurement

Items of 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.

When significant parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) 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 property, plant and equipment and is recognised net within "other income" and "other expenses" respectively in profit or loss.

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2. SIGNIFICANT ACCOUNTING POLICIES - Continued

2.6 Property, Plant and Equipment - Continued

(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 Institute, and its cost can be measured reliably. The carrying amount of the replaced component is derecognised 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 the remainder of that assets, then the component is depreciated separately.

Depreciation is recognised in profit or loss on a straight-line basis over the estimated useful lives of each component of an item of property, plant and equipment. The estimated useful lives for the current and comparative years are as follows:

|                         | Useful life (years) |
|-------------------------|---------------------|
| Furniture and fittings  | 10                  |
| Computer software       | 3                   |
| Office equipment        | 5                   |
| Renovation              | 10                  |
| Physiotherapy equipment | 10                  |
| Motor vehicle           | 5                   |

Depreciation methods, useful lives and residual values are reviewed at end of the reporting year, and adjusted as appropriate.

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2. SIGNIFICANT ACCOUNTING POLICIES - Continued

2.7 Financial Instruments

(i) Initial recognition and measurement

A financial asset or financial liability is recognised in the statement of financial position when, and only when, the Institute becomes a party to the contractual provisions of the instrument.

A financial instrument is recognised initially at its fair value plus, in the case of a financial instrument not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition or issue of the financial instrument.

(ii) Financial instrument categories and subsequent measurement

The Institute categories financial instruments as follows:

Financial assets

All financial assets of the Institute are classified as loans and receivables, which include “trade and other receivables” and “bank and cash balances”.

Financial assets categorised as loans and receivables are subsequently measured at amortised cost using the effective interest method.

All financial assets, except for those measured at fair value through profit or loss, are subject to review for impairment.

Financial liabilities

All financial liabilities are subsequently measured at amortised cost other than those categorised as fair value through profit or loss.

Other financial liabilities categorised as fair value through profit or loss are subsequently measured at their values with the gain or loss recognised in profit or loss.

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2. SIGNIFICANT ACCOUNTING POLICIES - Continued

2.7 Financial Instruments - Continued

(iii) Derecognition

A financial asset or part of it is derecognised when, and only when the contractual rights to the cash flows from the financial asset expire or control of the asset is not retained or substantially all of the risks and rewards of ownership of the financial asset are transferred to another party. On derecognition of a financial asset, the difference between the carrying amount and the sum of the consideration received (including any new asset obtained less any new liability assumed) and any cumulative gain or loss that had been recognised in equity is recognised in profit or loss.

A financial liability or a part of it is derecognised when, and only when the obligation specified in the contract is discharged or cancelled or expires. On derecognition of a financial liability, the difference between the carrying amount of the financial liability extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss.

2.8 Impairment

(i) Financial assets

The Institute assesses at each reporting date whether there is any objective evidence that a financial asset is impaired.

Receivables that are assessed not to be impaired individually are subsequently assessed for impairment on a collective basis based on similar risk characteristics. Objective evidence of impairment of receivables could include the Institute's past experience of collecting payments, an increase in the number of delayed payments past the average credit period and observable changes in economic conditions.

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

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2. SIGNIFICANT ACCOUNTING POLICIES - Continued

2.8 Impairment - Continued

The carrying amount of the financial asset is reduced by the impairment loss except for trade receivables, where the carrying amount is reduced through the use of an allowance account. When a receivable becomes uncollectible, it is written off against the allowance account.

If in a subsequent period, the amount of the impairment loss decreases as a result of an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed to the extent that the carrying amount of the asset does not exceed its amortised cost at the reversal date. The amount of reversal is recognised in profit or loss.

(ii) Other assets

The Institute assesses at each reporting date whether there is an indication that an asset may be impaired. If any such indication exists, the Institute makes an estimate of the asset's recoverable amount. An asset's recoverable amount is the higher of its asset's fair value less costs to sell and its value in use. For the purpose of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units ("CGU")).

In assessing value in use, the estimated future cash flows expected to be generated by the assets 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. Where the carrying amount of an asset exceeds its recoverable amount, the asset is written down to its recoverable amount. Impairment losses recognised in respect of a CGU or groups of CGUs are allocated to reduce the carrying amount of the assets in the unit or groups of units on a pro-rata basis. Impairment losses are recognised in profit or loss.

A previously recognised impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. If that is the case, the carrying amount of the asset is increased to its recoverable amount. That increase cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised previously. Such reversal is recognised in profit or loss.

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2. SIGNIFICANT ACCOUNTING POLICIES - Continued

2.9 Cash and Cash Equivalents

For the purposes of the cash flow statements, cash and cash equivalents include cash on hand and at bank, deposit at call and short term highly liquid investments which have an insignificant risk of changes in value.

2.10 Employee Benefits

The Institute recognises a liability when an employee has provided service in exchange for employee benefits to be paid in the future and an expense when the Institute consumes the economic benefits arising from service provided by an employee in exchange for employee benefits.

(i) Short-Term Employee Benefits

Wages and salaries are accrued and paid on a monthly basis and are recognised as an expense, unless they relate to cost of producing inventories or other assets.

Paid absences (annual leave, maternity leave, paternity leave, sick leave, etc.) are accrued in each period if they are accumulating paid absences that can be carried forward, or in the case of non-accumulating paid absences, recognised as and when the absences occur.

(ii) Post-Employment Benefits - Defined Contribution Plans

The Institute makes statutory contributions to approved provident funds and the contributions made are charged to profit or loss in the period to which they relate. When the contributions have been paid, the Institute has no further payment obligations.

2.11 Provisions

A provision is recognised if, as a result of a past event, the Institute has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognised as finance cost.

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2. SIGNIFICANT ACCOUNTING POLICIES - Continued

2.12 Trade Receivables

Trade receivables are carried at anticipated realisable values. Bad debts are written off when identified. An estimate is made for doubtful debts based on a review of all outstanding amounts as at the balance sheet date.

2.13 Revenue Recognition

Revenue is recognised when it is probable that the economic benefits associated with the transaction will flow to the enterprise and the amount of the revenue can be measured reliably.

(i) Income from fund raising activities

Income from fund raising activities is recognised to the extent that activities are completed on or before the reporting date, any surplus or deficit is recognised in the statement of profit or loss and other comprehensive income

(ii) Donation income

Donation income is recognised when the projects for which the donations have been received, have been completed or partially completed.

2.14 Income Tax

Income tax expense comprises current and deferred tax. Current tax and deferred tax are recognised in profit or loss except to the extent that it related to a business combination or items recognised directly in equity or other comprehensive income.

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted by the end of the reporting period, and any adjustment to tax payable in respect of previous financial years.



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2. SIGNIFICANT ACCOUNTING POLICIES - Continued

2.14 Income Tax - Continued

Deferred tax is recognised using the liability method, providing for temporary differences between the carrying amounts of assets and liabilities in the statement of financial position and their tax bases. Deferred tax is not recognised for the following temporary differences: the initial recognition of goodwill, the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss. Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, based on the laws that have been enacted or substantially enacted by the end of the reporting period.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realised simultaneously.

A deferred tax asset is recognised to the extent that it is probable that future taxable profits will be available against which the temporary difference can be utilised. Deferred tax assets are reviewed at each reporting period and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

2.15 Trade Payables

Trade payables are stated at cost which is the fair value of the consideration to be paid in the future for goods and services received.

2.16 Contingencies

(i) Contingent liabilities

Where it is not probable that an outflow of economic benefits will be required, or the amount cannot be estimated reliably, the obligation is not recognised in the statements of financial position and is disclosed as a contingent liability, unless the probability of outflow of economic benefits is remote. Possible obligations, whose existence will only be confirmed by the occurrence or non-occurrence of one or more future events, are also disclosed as contingent liabilities unless the probability of outflow of economic benefits is remote.

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2. SIGNIFICANT ACCOUNTING POLICIES - Continued

2.16 Contingencies - Continued

(ii) Contingent assets

Where it is not probable that there is an inflow of economic benefits, or the amount cannot be estimated reliably, the asset is not recognised in the statements of financial position and is disclosed as a contingent asset, unless the probability of inflow of economic benefits is remote. Possible obligations, whose existence will only be confirmed by the occurrence or non-occurrence of one or more future events, are also disclosed as contingent assets unless the probability of inflow of economic benefits is remote.

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3. PROPERTY, PLANT AND EQUIPMENT

| Cost                             | Furniture and fittings RM | Computer software RM | Office equipment RM | Renovation RM | Physiotherapy equipment RM | Motor vehicle RM | Total RM |
|----------------------------------|---------------------------|----------------------|---------------------|---------------|----------------------------|------------------|----------|
| At 1 October 2016                | 42,257                    | 42,427               | 75,571              | 160,526       | 37,429                     | 169,742          | 527,952  |
| Additions                        | 4,011                     | 5,000                | 2,208               | 5,950         | -                          | -                | 17,169   |
| Disposals                        | -                         | -                    | -                   | -             | -                          | -                | -        |
| At 30 September 2017             | 46,268                    | 47,427               | 77,779              | 166,476       | 37,429                     | 169,742          | 545,121  |
| Accumulated Depreciation         |                           |                      |                     |               |                            |                  |          |
| At 1 October 2016                | 16,684                    | 35,411               | 48,187              | 91,524        | 6,550                      | 48,094           | 246,450  |
| Depreciation charge for the year | 4,595                     | 5,510                | 11,180              | 16,102        | 3,743                      | 33,948           | 75,078   |
| Disposals                        | -                         | -                    | -                   | -             | -                          | -                | -        |
| At 30 September 2017             | 21,279                    | 40,921               | 59,367              | 107,626       | 10,293                     | 82,042           | 321,528  |
| Net Book Value                   |                           |                      |                     |               |                            |                  |          |
| At 30 September 2017             | 24,989                    | 6,506                | 18,412              | 58,850        | 27,136                     | 87,700           | 223,593  |
| At 30 September 2016             | 25,573                    | 7,016                | 27,384              | 69,002        | 30,879                     | 121,648          | 281,502  |
| Details at 1 January 2016        |                           |                      |                     |               |                            |                  |          |
| Cost                             | 30,827                    | 36,993               | 72,383              | 160,526       | 37,429                     | 169,742          | 507,900  |
| Accumulated depreciation         | 13,515                    | 27,993               | 36,903              | 79,485        | 3,743                      | 22,632           | 184,271  |
| Depreciation charge for 2016     | 3,169                     | 7,418                | 11,284              | 12,039        | 2,807                      | 25,462           | 62,179   |

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4. TRADE AND OTHER RECEIVABLES

|                                   | 2017<br>RM     | 2016<br>RM     |
|-----------------------------------|----------------|----------------|
| Trade receivables                 |                |                |
| - Third parties                   | <u>131,573</u> | <u>134,466</u> |
| Other receivables                 |                |                |
| - Deposits                        | 20,200         | 20,200         |
| - Prepayment                      | 11,032         | 14,275         |
| - Sundry receivables              | 1,521          | 5,477          |
|                                   | <u>32,753</u>  | <u>39,952</u>  |
| Total trade and other receivables | <u>164,326</u> | <u>174,418</u> |

5. CASH AND CASH EQUIVALENTS

|                                    | 2017<br>RM     | 2016<br>RM     |
|------------------------------------|----------------|----------------|
| Cash in hand                       | 8,414          | 8,414          |
| Bank balances                      | 647,531        | 351,723        |
| Fixed deposits with licensed banks | 236,743        | 224,951        |
|                                    | <u>892,688</u> | <u>585,088</u> |

The weighted average effective interest rate of deposits at the reporting date was 3.40% (2016: 3.50%) per annum.

The average maturity of deposits as at the end of the financial year was 273 days (2016: 273 days).

6. UNSECURED LONG TERM LOAN

This is unsecured, interest free and the term is for an indefinite long term basis.

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7. DEFERRED TAX

|   | 2017<br>RM     | 2016<br>RM     |
|---|----------------|----------------|
| At 1 January/1 October  | (8,487)        | (6,840)        |
| Recognised in statement of profit or loss and<br>other comprehensive income (Note 19) | <u>(384)</u>   | <u>(1,647)</u> |
| At 30 September   | <u>(8,871)</u> | <u>(8,487)</u> |

The deferred tax liability for the Institute at the financial year end are made up as follows:

|  | 2017<br>RM     | 2016<br>RM     |
|--|----------------|----------------|
| Capital allowance and depreciation differences | <u>(8,871)</u> | <u>(8,487)</u> |

8. TRADE AND OTHER PAYABLES

|                                  | 2017<br>RM       | 2016<br>RM     |
|----------------------------------|------------------|----------------|
| Trade payable<br>- Third parties | <u>26,824</u>    | <u>26,824</u>  |
| Other payables                   |                  |                |
| - Accruals                       | 186,261          | 189,748        |
| - Deferred income                | 742,704          | 602,939        |
| - Sundry payables                | 50,465           | 54,428         |
| - Related party                  | <u>93,827</u>    | <u>-</u>       |
|                                  | <u>1,073,257</u> | <u>847,115</u> |
| Total trade and other payables   | <u>1,100,081</u> | <u>873,939</u> |

The normal trade credit terms granted to the Institute is 90 days (2016: 90 days).

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9. AMOUNT DUE TO DIRECTOR

This is unsecured, interest free and repayable on demand.

10. DONATIONS AND GRANTS

During the financial year, the Institute have received contributions from the following funders:

|   | 2017<br>RM       | 2016<br>RM       |
|---|------------------|------------------|
| Yayasan Sime Darby  | 714,435          | 648,409          |
| British High Commission, Malaysia                             | 396,862          | 253,704          |
| Sanofi-Aventis (Malaysia) Sdn. Bhd.                           | 296,887          | -                |
| A&A Charitable Trust  | 274,400          | 228,974          |
| Atlas Economic Research Foundation                            | 195,751          | 261,169          |
| Anniversary Events  | 181,800          | -                |
| Economic Research Institute for ASEAN and<br>East Asia (ERIA) | 122,756          | -                |
| National Endowment for Democracy (NED)                        | 115,462          | 49,966           |
| JT International Trading Sdn. Bhd.                            | 100,348          | -                |
| Philip Morris (Malaysia) Sdn. Bhd.                            | 75,000           | 32,629           |
| Friedrich Naumann Foundation For Freedom<br>(FNF)             | 74,643           | 114,522          |
| Others  | 72,900           | 19,540           |
| International Republican Institute (IRI)                      | 54,241           | 109,687          |
| Pharmaceutical Association of Malaysia<br>(Pharma)            | 40,087           | -                |
| UEM Group Bhd.  | 30,000           | -                |
| Sub-total   | <u>2,745,572</u> | <u>1,718,600</u> |

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10. DONATIONS AND GRANTS - Continued

|   | 2017<br>RM       | 2016<br>RM       |
|---|------------------|------------------|
| Sub-total   | 2,745,572        | 1,718,600        |
| Philip Morris Singapore Pte. Ltd.                             | 23,162           | -                |
| International Budget Partnership                              | 22,868           | -                |
| Istanbul Network for Liberty (L) Foundation                   | 21,230           | -                |
| Global Facilities Management Sdn. Bhd.                        | 20,000           | -                |
| National Resource Governance Institute                        | 13,101           | 15,914           |
| East Asia Institute   | 11,766           | -                |
| Pejabat Pembangunan Persekutuan Negeri<br>Wilayah Persekutuan | 10,000           | -                |
| The Economist Newspaper Limited                               | 9,937            | -                |
| UCSI Education Group  | 3,000            | 20,000           |
| OCBC Al-Amin Bank Berhad                                      | 1,798            | 10,629           |
| Americans for Tax Reform                                      | -                | 209,564          |
| Brighton Education Group Sdn. Bhd.                            | -                | 3,233            |
| Canada Fund For Local Initiatives (CFLI)                      | -                | 48,190           |
| Dato Sri Lord Cranbrook                                       | -                | 3,000            |
| Network for a Free Society                                    | -                | 90,447           |
| Petroliam Nasional Berhad                                     | -                | 19,750           |
| Steppe Structure Sdn. Bhd.                                    | -                | 10,000           |
| Tan Sri Yong Poh Kon  | -                | 9,500            |
|   | <u>2,882,434</u> | <u>2,158,827</u> |

11. COST OF SPECIAL PROJECTS

|  | 2017<br>RM    | 2016<br>RM    |
|--|---------------|---------------|
| PERKATA Sarawak (Persatuan Bagi Kanak-<br>Kanak Terencat Akal Sarawak) | 24,993        | 66,070        |
| Agape Home   | 11,955        | -             |
| Charitable Educational Activities for<br>Underprivileged Children      | 6,950         | -             |
|  | <u>43,898</u> | <u>66,070</u> |

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12. COST OF RESEARCH AND PUBLICATIONS

|                                  | 2017<br>RM     | 2016<br>RM     |
|----------------------------------|----------------|----------------|
| Allowances                       | 60,000         | 4,789          |
| Hire of venues                   | 65,724         | 1,591          |
| Honoraria                        | 60,282         | 6,372          |
| Material publications            | 37,042         | 20,857         |
| Miscellaneous                    | -              | 2,500          |
| Newspapers and periodicals       | 555            | -              |
| Participants' fees               | 12,335         | 3,016          |
| Printing and stationery          | 572            | -              |
| Professional fees                | -              | 12,808         |
| Refreshments                     | 4,399          | 3,394          |
| Research fees                    | 22,764         | 90,000         |
| Sponsorship                      | 6,993          | 3,900          |
| Staff costs                      | 202,598        | 151,838        |
| Subscriptions                    | 962            | -              |
| Travelling and accommodation     | 55,562         | 24,783         |
| Upkeep of computers and software | 4,897          | -              |
| Video and photography            | 10,300         | 800            |
|                                  | <u>544,985</u> | <u>326,648</u> |



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13. COST OF EXTERNAL RELATIONS

|                                | 2017           | 2016           |
|--------------------------------|----------------|----------------|
|                                | RM             | RM             |
| Allowances                     | -              | 7,000          |
| Bank charges                   | 53             | 57             |
| Design fees                    | 2,450          | 4,560          |
| Hire of vehicles and equipment | -              | 3,000          |
| Hire of venues                 | 118,890        | 99,362         |
| Honoraria                      | 96,773         | 20,619         |
| Material publications          | 41,752         | 59,470         |
| Meeting and networking         | -              | 717            |
| Office expenses                | 380            | 40             |
| Participant fees               | -              | 250            |
| Postage and courier            | -              | 500            |
| Printing and stationery        | -              | 1,563          |
| Professional fee               | 525            | -              |
| Refreshments                   | 38,674         | 14,026         |
| Sponsorships                   | 6,349          | 19,000         |
| Staff costs                    | 326,817        | 218,897        |
| Subscriptions                  | 2,111          | 400            |
| Travelling and accommodation   | 40,807         | 73,573         |
| Uniform                        | -              | 1,559          |
| Upkeep of computer software    | 13,302         | 15,667         |
| Video and photography          | 12,000         | 22,710         |
|                                | <u>700,883</u> | <u>562,970</u> |

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14. IDEAS AUTISM CENTRE

|                              | 2017<br>RM     | 2016<br>RM     |
|------------------------------|----------------|----------------|
| Activity expenses            | 5,533          | 9,161          |
| Bank charges                 | 126            | 150            |
| Classroom materials          | -              | 1,816          |
| Electricity and water        | 7,265          | 4,961          |
| Honorarium                   | 4,500          | 500            |
| Newspaper and periodicals    | 695            | -              |
| Office expenses              | 12,142         | 5,708          |
| Participant fee              | -              | 375            |
| Printing and stationery      | 2,722          | 3,213          |
| Professional fee             | 1,400          | 1,400          |
| Refreshments                 | 44,689         | 34,003         |
| Rental of premises           | 36,000         | 27,000         |
| Repairs and maintenance      | 2,480          | 2,333          |
| Security fees                | 6,000          | 4,500          |
| Sponsorship                  | -              | 500            |
| Staff costs                  | 485,116        | 409,945        |
| Teaching materials           | 1,242          | -              |
| Telephone and fax            | 3,435          | 2,846          |
| Training                     | 20,812         | 28,130         |
| Travelling and accommodation | 7,087          | 4,129          |
| Uniform                      | -              | 3,292          |
| Upkeep of computer software  | 1,600          | 7,130          |
| Upkeep of premises           | 250            | 1,270          |
|                              | <u>643,094</u> | <u>552,362</u> |

15. IDEAS ACADEMY

|                              | 2017<br>RM | 2016<br>RM |
|------------------------------|------------|------------|
| Miscellaneous                | -          | 318        |
| Travelling and accommodation | -          | 192        |
|                              | <u>-</u>   | <u>510</u> |

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16. DEFICIT BEFORE TAX

Deficit before tax is stated after charging/(crediting):

|                                      | Note | 2017<br>RM     | 2016<br>RM     |
|--------------------------------------|------|----------------|----------------|
| Auditors' remuneration               |      | 5,000          | 5,000          |
| Auditors' remuneration underprovided |      | -              | 500            |
| Depreciation                         | 3    | 75,078         | 62,179         |
| Rental of premises                   |      | 128,537        | 68,661         |
| Interest income                      |      | (509)          | (129)          |
| Fixed deposit interest income        |      | (7,836)        | (6,876)        |
| Staff costs                          | 17   | <u>747,721</u> | <u>569,011</u> |

17. STAFF COSTS

|  | 2017<br>RM     | 2016<br>RM     |
|--|----------------|----------------|
| Wages and salaries                         | 678,955        | 484,785        |
| Social security costs                      | 2,044          | 4,215          |
| Pension costs – defined contribution plans | <u>66,722</u>  | <u>80,011</u>  |
|  | <u>747,721</u> | <u>569,011</u> |

Included in staff costs of the Institute are Directors' remuneration amounting to RM304,973 (2016: RM196,000) as further disclosed in Note 18.

18. DIRECTORS' REMUNERATION

|                               | 2017<br>RM     | 2016<br>RM     |
|-------------------------------|----------------|----------------|
| Salaries and other emoluments | <u>304,973</u> | <u>196,000</u> |