MALAYSIAN NATURE SOCIETY
(Society No. 1288/50)
(Registered Under Malaysian Societies Act, 1966)

REPORTS AND FINANCIAL STATEMENTS
AS AT 31ST MAY 2015

Society No.1288/50

MALAYSIAN NATURE SOCIETY
(Registered Under Malaysian Societies Act, 1966)

REPORTS AND FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31ST MAY 2015

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MALAYSIAN NATURE SOCIETY
(Registered Under Malaysian Societies Act, 1966)

STATEMENT OF FINANCIAL POSITION
AS AT 31ST MAY 2015

	Note	2015 RM	2014 RM
ASSETS			
Non-current assets			
Equipments	4	11,365	18,266
Current assets			
Inventories	5	34,082	37,476
Trade receivables	6	803,781	724,568
Other receivables, deposits and prepayments	7	50,584	197,180
Fixed deposits with a licensed bank	8	1,277,967	2,106,549
Cash and cash equivalents	9	111,403	108,710
		2,277,817	3,174,483
Total Assets		2,289,182	3,192,749
EQUITY AND LIABILITIES			
Accumulated Funds	10	1,252,602	1,960,247
Current liabilities			
Other payables, deposits and accruals	11	1,036,580	1,232,502
TOTAL EQUITY AND LIABILITIES		2,289,182	3,192,749

The accompanying notes form an integral part of these financial statements

MALAYSIAN NATURE SOCIETY
(Registered Under Malaysian Societies Act, 1966)

STATEMENT OF COMPREHENSIVE INCOME
FOR THE FINANCIAL YEAR ENDED 31ST MAY 2015

	Note	2015 RM	2014 RM
Revenue for projects of society	12	4,723,423	6,133,035
Expenditure for projects of society	13	(5,440,610)	(6,441,538)
Deficit for projects of society		(717,187)	(308,503)
Expenditure incurred under merdeka award		-	(8,000)
Net surplus from projects for third parties		9,542	9,264
Deficit of total income over total expenditure for the financial year		(707,645)	(307,239)
SURPLUS BROUGHT FORWARD		1,960,247	2,267,486
SURPLUS CARRIED FORWARD		1,252,602	1,960,247

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

MALAYSIAN NATURE SOCIETY
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STATEMENT OF CASH FLOWS
FOR THE FINANCIAL YEAR ENDED 31ST MAY 2015

	2015 RM	2014 RM
CASH FLOWS FROM OPERATING ACTIVITIES:		
Deficit for the financial year	(707,645)	(307,239)
Adjustments for:		
Depreciation of equipments	8,081	7,514
Interest income	(66,607)	(91,906)
Allowance for impairment on receivables	-	8,035
Reversal of allowance for impairment no longer required	(1,320)	(108)
	(767,491)	(383,704)
Changes In Working Capital:		
Inventories	3,394	9,476
Receivables	68,703	282,951
Payables	(195,922)	(1,259,312)
Net Operating Cash Flows	(891,316)	(1,350,589)
CASH FLOWS FROM INVESTING ACTIVITIES:		
Interest received	66,607	91,906
Purchase of equipments	(1,180)	(7,152)
Net Investing Cash Flows	65,427	84,754
NET CHANGE IN CASH AND CASH EQUIVALENTS	(825,889)	(1,265,835)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE FINANCIAL YEAR	2,215,259	3,481,094
CASH AND CASH EQUIVALENTS AT THE END OF THE FINANCIAL YEAR	1,389,370	2,215,259
ANALYSIS OF CASH AND CASH EQUIVALENTS:		
Fixed deposits with a licensed bank (Note 8)	1,277,967	2,106,549
Cash and bank balances (Note 9)	111,403	108,710
	1,389,370	2,215,259

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

MALAYSIAN NATURE SOCIETY
(Registered Under Malaysian Societies Act, 1966)

NOTES TO THE FINANCIAL STATEMENTS

1. GENERAL INFORMATION

The Society is a non-governmental organisation whose objectives are the appreciation and conservation of the natural heritage of Malaysia.

The Malaysian Nature Society is registered under the Malaysian Societies Act, 1966. The domicile of the Society is Malaysia.

The registered office and principal place of business of the Society is at JKR 641, Jalan Kelantan, Bukit Persekutuan, 50480 Kuala Lumpur.

The financial statements are expressed in Ringgit Malaysia. All financial information presented in RM has been rounded to the nearest RM, unless otherwise stated.

The financial statements were authorised for issue by the Council members in accordance with a resolution of the Council members on 17 AUG 2015

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

2.1 Basis of Preparation

The financial statements of the Society have been prepared in accordance with the Malaysian Financial Reporting Standards ("MFRSs") and the International Financial Reporting Standards.

The financial statements of the Society have been prepared under the historical cost basis, except as disclosed in the significant accounting policies in Note 2.3 to the financial statements.

The preparation of financial statements in conformity with MFRSs requires the use of certain critical accounting estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements, and the reported amounts of the revenue and expenses during the reporting period. It also requires Council members to exercise their judgment in the process of applying the Society's accounting policies. Although these estimates and judgment are based on the Council 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 3.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.2 New MFRSs, Amendments/Improvements to MFRSs and New IC Interpretations ("IC Int")

(a) Adoption of Amendments/Improvements to MFRSs and New IC Int

The Society had adopted the following amendments/improvements to MFRSs and new IC Int that are mandatory for the current financial year:-

Amendments/Improvements to MFRSs

MFRS 10	Consolidated Financial Statements
MFRS 12	Disclosure of Interests in Other Entities
MFRS 127	Separate Financial Statements
MFRS 132	Financial Instruments: Presentation
MFRS 136	Impairment of Assets
MFRS 139	Financial Instruments: Recognition and Measurement

New IC Int

IC Int 20	Stripping Costs in the Production Phase of a Surface Mine

The adoption of the above new and revised MFRSs, amendments/improvements to MFRSs, new IC Int and amendments to IC Int do not have any effect on the financial statements of the Society.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.2 New MFRSs, Amendments/Improvements to MFRSs and New IC Interpretations ("IC Int") (Continued)

(b) New MFRS and Amendments/Improvements to MFRSs that are issued, but not yet effective and have not been early adopted

The Society has not adopted the following new MFRS, amendments/improvements to MFRSs that have been issued by the Malaysian Accounting Standards Board ("MASB") as at the date of authorisation of these financial statements but are not yet effective for the Society:-

		Effective for financial periods beginning on or after
<u>New MFRS</u>		
MFRS 9	Financial Instruments	1 January 2018
MFRS 15	Revenue from Contracts with Customers	1 January 2017
<u>Amendments/Improvements to MFRSs</u>		
MFRS 1	First-time Adoption of Malaysian Financial Reporting Standards	1 July 2014
MFRS 2	Share-based Payment	1 July 2014
MFRS 3	Business Combinations	1 July 2014
MFRS 5	Non-current Asset Held for Sale and Discontinued Operations	1 January 2016
MFRS 7	Financial Instruments: Disclosures	1 January 2016
MFRS 8	Operating Segments	1 July 2014
MFRS 10	Consolidated Financial Statements	1 January 2016
MFRS 11	Joint Arrangements	1 January 2016
MFRS 12	Disclosures of Interests in Other Entities	1 January 2016
MFRS 13	Fair Value Measurement	1 July 2014
MFRS 101	Presentation of Financial Statements	1 January 2016
MFRS 116	Property, Plant and Equipment	1 July 2014/ 1 January 2016
MFRS 119	Employee Benefits	1 July 2014/ 1 January 2016
MFRS 124	Related Party Disclosures	1 July 2014
MFRS 127	Separate financial statements	1 January 2016
MFRS 128	Investments in Associates and Joint Ventures	1 January 2016
MFRS 138	Intangible Assets	1 July 2014/ 1 January 2016
MFRS 140	Investment Property	1 July 2014
MFRS 141	Agriculture	1 January 2016

2. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

2.2 **New MFRSs, Amendments/Improvements to MFRSs and New IC Interpretations ("IC Int") (Continued)**

(b) **New MFRS and Amendments/Improvements to MFRSs that are issued, but not yet effective and have not been early adopted (Continued)**

A brief discussion on the above significant new MFRS and amendments/improvements to MFRSs are summarised below. Due to the complexity of these new standards, the financial effects of their adoption are currently still being assessed by the Society.

MFRS 9 Financial Instruments

MFRS 9 introduces a package of improvements which includes a classification and measurement model, a single forward-looking 'expected loss' impairment model and a substantially-reformed approach to hedge accounting.

Classification and measurement

MFRS 9 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.

In essence, if a financial asset is a 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 fair value in the statement of financial position, and amortised cost information is provided through profit or loss. If the business model is neither of these, then fair value information is increasingly important, so it is provided both in the profit or loss and in the statement of financial position.

Impairment

MFRS 9 introduces a new, expected-loss impairment model that will require more timely recognition of expected credit losses. Specifically, this Standard requires entities to account for expected credit losses from when financial instruments are first recognised and to recognise full lifetime expected losses on a more timely 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 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.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.2 New MFRSs, Amendments/Improvements to MFRSs and New IC Interpretations ("IC Int") (Continued)

(c) New MFRS and Amendments/Improvements to MFRSs that are issued, but not yet effective and have not been early adopted (Continued)

MFRS 9 Financial Instruments (Continued)

Hedge accounting

MFRS 9 introduces a substantially-reformed model for hedge accounting, with enhanced disclosures about risk management activity. The new model represents a significant overhaul of hedge accounting that aligns the accounting treatment with risk management activities, enabling entities to better reflect these activities in their financial statements. In addition, as a result of these changes, users of the financial statements will be provided with better information about risk management and the effect of hedge accounting on the financial statements.

Amendments to MFRS 13 Fair Value Measurement

Amendments to MFRS 13 relates to the IASB's Basis for Conclusions which is not an integral part of the Standard. The Basis for Conclusions clarifies that when IASB issued IFRS 13, it did not remove the practical ability to measure short-term receivables and payables with no stated interest rate at invoice amounts without discounting, if the effect of discounting is immaterial.

The Amendments also clarifies that the scope of the portfolio exception of MFRS 13 includes all contracts accounted for within the scope of MFRS 139 *Financial Instruments: Recognition and Measurement* or MFRS 9 *Financial Instruments*, regardless of whether they meet the definition of financial assets or financial liabilities as defined in MFRS 132 *Financial Instruments: Presentation.*

Amendments to MFRS 116 Property, Plant and Equipment

Amendments to MFRS 116 clarifies the accounting for the accumulated depreciation/amortisation when an asset is revalued. It clarifies that:

- the gross carrying amount is adjusted in a manner that is consistent with the revaluation of the carrying amount of the asset; and
- the accumulated depreciation / amortisation is calculated as the difference between the gross carrying amount and the carrying amount of the asset after taking into account accumulated impairment losses.

Amendments to MFRS 116 prohibits revenue-based depreciation because revenue does not reflect the way in which an item of property, plant and equipment is used or consumed.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.3 Significant Accounting Policies

The following accounting policies have been used consistently in dealing with items which are considered material in relation to the financial statements:-

(a) Property, Plant and Equipment and Depreciation

All property, plant and equipment were initially stated at cost less accumulated depreciation and impairment losses, if any. The policy for the recognition and measurement of impairment losses is in accordance with Note 2.3(f). Cost includes expenditure that is directly attributable to the acquisition of the asset. When significant parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items of property, plant and equipment.

The cost of replacing part of an item of property, plant and equipment is included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that the future economic benefits associated with the part will flow to the Society and its cost can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to the profit or loss as incurred.

All property, plant and equipment are depreciated on a straight line basis to write off the cost of each asset to its residual value over the estimated useful lives of the assets concerned. The principal annual rates used for this purpose are as follows:-

Furniture and equipment	20%
Computer and software	25%
Renovation	20%

The residual values, useful lives and depreciation methods are reviewed, and adjusted if appropriate, at each reporting date. Changes in expected level of usage and technological developments could impact the residual values of the property, plant and equipment. The effects of any revisions of the residual values and useful lives are included in the profit or loss for the financial year in which the changes arise.

Fully depreciated assets are retained in the accounts until the assets are no longer in use.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset is included in the profit or loss in the period the asset is derecognised.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.3 Significant Accounting Policies (Continued)

(b) Inventories

Inventories are measured at the lower of cost and net realisable value.

The cost of inventories is measured based on average cost formula. Allowance for inventory obsolescence is made for all deteriorated, damaged, obsolete or slow-moving inventories.

(c) Foreign Currency Translation

(i) Functional and presentation currency

The functional currency of the Society is the currency of the primary economic environment in which the Society operates. The financial statements are presented in Ringgit Malaysia, which is the Society's functional currency and presentation currency.

(ii) Transactions and balances

Transactions in foreign currencies are translated to the respective functional currency of the Society at the exchange rates at the date of transactions.

Monetary assets and liabilities denominated in foreign currencies at the end of reporting period are re-translated to the functional currency at the exchange rate at that date. Non-monetary assets and liabilities denominated in foreign currencies are not re-translated at the end of the reporting date, except for those that are measured at the fair value are re-translated to the functional currency at the exchange rate at the date that the fair value were determined.

Foreign currencies differences arising on retranslation are recognised in profit or loss, except for differences of available-for-sale equity instruments or a financial instruments designated as a hedge of currency risk, which are designated as a hedge of currency risk, which are recognised in other comprehensive income.

(d) Financial Assets

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

When financial assets recognised initially, they are measured at fair value, plus, in the case of financial assets not at fair value through profit or loss, directly attributable transaction costs.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.3 Significant Accounting Policies (Continued)

(d) Financial Assets (Continued)

The Society determine the classification of their financial assets at initial recognition, and the categories include financial assets at fair value through profit or loss, loans and receivables, held-to-maturity investments and available-for-sale financial assets.

(i) *Financial Assets at Fair Value Through Profit or Loss*

Financial assets are classified as financial assets at fair value through profit or loss if they are held for trading or are designated as such upon initial recognition. Financial assets held for trading are derivatives (including separated embedded derivatives) or financial assets acquired principally for the purpose of selling in the near future.

Subsequent to initial recognition, financial assets at fair value through profit or loss are measured at fair value. Any gains or losses arising from changes in fair value are recognised in profit or loss. Net gains and losses on financial assets at fair value through profit or loss do not include exchange differences, interest and dividend income. Exchange differences, interest and dividend income on financial assets at fair value through profit as part of other losses or other income.

Financial assets at fair value through profit or loss could be presented as current or non-current. Financial assets that are held primarily for trading purposes are presented as current whereas financial assets that are not held primarily for trading purposes are presented as current or non-current based on the settlement date.

(ii) *Loans and Receivables*

Financial assets with fixed or determinable payments that are not quoted in an active market are classified as loans and receivables.

Subsequent to initial recognition, loans and receivables are measured at amortised cost using the effective interest method. Gains and losses are recognised in profit or loss when the loans and receivables are derecognised or impaired, and through the amortisation process.

Loan and receivables are classified as current assets, except for those having maturity dates later than 12 months after the reporting date which are classified as non-current.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.3 Significant Accounting Policies (Continued)

(d) Financial Assets (Continued)

(iii) *Held-to-Maturity Investments*

Financial assets with fixed or determinable payments and fixed maturity are classified as held to maturity when the Society has the positive intention and ability to hold the investment to maturity.

Subsequent to initial recognition, held-to-maturity investments are measured at amortised cost using the effective interest method. Gains and losses are recognised in profit or loss when the held-to-maturity investments are derecognised or impaired, and through the amortisation process.

Held-to-maturity investments are classified as non-current assets, except for those having maturity within 12 months after the reporting date which are classified as current.

(iv) *Available-for-Sale Financial Assets*

Available-for-sale are financial assets that are designated as available for sale or are not classified in any of the three preceding categories.

After initial recognition, available-for-sale financial assets are measured at fair value. Any gains or losses from changes in fair value of the financial assets are recognised in other comprehensive income, except that impairment losses, foreign exchange gains and losses on monetary instruments and interest calculated using the effective interest method are recognised in profit or loss. The cumulative gain or loss previously recognised in other comprehensive income is reclassified from equity to profit or loss as a reclassification adjustment when the financial asset is derecognised. Interest income calculated using the effective interest method is recognised in profit or loss. Dividends on available-for-sale equity instrument are recognised in profit or loss when the Society's right to receive payment is established.

Investments in equity instruments whose fair value cannot be reliably measured are measured at cost less impairment loss.

Available-for-sale financial assets are classified as non-current assets unless they are expected to be realised within 12 months after the reporting date.

A financial asset is derecognised when the contractual right to receive cash flows from the asset has expired or is transferred to another party without retaining control or substantially all risks and rewards of the asset. On derecognition of a financial asset, the difference between the carrying amount and the sum of the consideration received and any cumulative gain or loss that had been recognised in other comprehensive income is recognised in profit or loss.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.3 Significant Accounting Policies (Continued)

(d) Financial Assets (Continued)

Regular way purchase or sales are purchases or sales or financial assets that require delivery of assets within the period generally established by regulation or convention in the marketplace concerned. All regular way purchases and sales of financial assets are recognised and derecognized on the trade date i.e. the date that the Society commits to purchase or sell the asset.

(e) Financial Liabilities

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

Financial liabilities are recognised in the statement of financial position when, and only when, the Society becomes a party to the contractual provisions of the financial instrument. Financial liabilities are classified as either financial liabilities at fair value through profit or loss or other financial liabilities.

(i) *Financial Liabilities at Fair Value Through Profit or Loss*

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss.

Financial liabilities held for trading include derivatives entered into by the Society that do not meet the hedge accounting criteria. Derivative liabilities are initially measured at fair value and subsequently stated at fair value, with any resulted gains or losses recognised in profit or loss. Net gains or losses on derivatives include exchange differences.

The Society has not designated any financial liabilities as at fair value through profit or loss.

(ii) *Other Financial Liabilities*

The Society's other financial liabilities include trade payables, other payables and loans and borrowings.

Trade and other payables are recognised initially at fair value plus directly attributable transaction costs and subsequently measured at amortised cost using the effective interest method.

Loans and borrowings are recognised initially at fair value, net of transaction costs incurred, and subsequently measured at amortised cost using the effective interest method. Borrowings are classified as current liabilities unless the Society has an unconditional right to defer the settlement of the liability for at least 12 months after the reporting date.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.3 Significant Accounting Policies (Continued)

(e) Financial Liabilities (Continued)

(ii) *Other Financial Liabilities (Continued)*

For other financial liabilities, gains and losses are recognised in the profit or loss when the liabilities are derecognised, and through the amortisation process.

A financial liability is derecognised when the obligation under the liability is extinguished. When an existing financial liability is replaced by another from the same lender on modified terms, such an exchange or modification is treated as a de-recognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in profit or loss.

(f) Impairment of Assets

(i) *Impairment of Financial Assets*

All financial assets (except for financial assets categorised as fair value through profit or loss and investment in subsidiaries) are assessed at each reporting date whether there is any objective evidence of impairment as a result of one or more events having an impact on the estimated future cash flows of the asset. Losses expected as a result of future events, no matter how likely, are not recognised. For an equity instrument, a significant or prolonged decline in the fair value below its cost is an objective evidence of impairment.

An impairment loss in respect of loans and receivables and held-to-maturity investments is recognised in profit or loss and is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the asset's original effective interest rate. The carrying amount of the asset is reduced through the use of an allowance account.

An impairment loss in respect of available-for-sale financial assets is recognised in the profit or loss and is measured as the difference between the asset's acquisition cost (net of any principal repayment and amortisation) and the asset's current fair value, less any impairment loss previously recognised. Where a decline in the fair value of an available-for-sale financial asset has been recognised in the other comprehensive income, the cumulative loss in other comprehensive income is reclassified from equity and recognised to profit or loss.

An impairment loss in respect of unquoted equity instrument that is carried at cost is recognised in profit or loss and is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the current market rate of return for a similar financial asset.

Impairment losses recognised in profit or loss for an investment in an equity instrument is not reversed through the profit or loss.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.3 Significant Accounting Policies (Continued)

(f) Impairment of Assets (Continued)

(i) *Impairment of Financial Assets (Continued)*

If, in a subsequent period, the fair value of a debt instrument increases and the increase can be objectively related to an event occurring after the impairment loss was recognised in profit or loss, the impairment loss is reversed, to the extent that the asset's carrying amount does not exceed what the carrying amount would have been had the impairment not been recognised at the date the impairment is reversed. The amount of the reversal is recognised in the profit or loss.

(ii) *Impairment of Non-financial Assets*

The Society assesses at each reporting date whether there is an indication that an asset may be impaired. If any such indication exists, or when an annual impairment assessment for an asset is required, the Society makes an estimate of the asset's recoverable amount.

An asset's recoverable amount is the higher of an asset's or CGU's fair value less cost to sell and its 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 risk specific to the asset. Where the carrying amounts of an asset exceed its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. Impairment losses recognised in respect of a CGU or groups of CGUs are allocated first to reduce the carrying amount of any goodwill allocated to those units or groups of units and then, to reduce the carrying amount of the other assets in the unit or groups of units on a pro-rata basis.

An impairment loss is recognised in the profit or loss in the period in which it arises.

Impairment loss on goodwill is not reversed in a subsequent period. An impairment loss for an asset other than goodwill is reversed if, and only if, there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment was recognised. The carrying amount of an asset other than goodwill is increased to its revised recoverable amount, provided that this amount does not exceed its carrying amount that would have been determined (net of amortisation or depreciation) had no impairment loss been recognised for the asset in prior years. A reversal of impairment loss for an asset other than goodwill is recognised in the profit or loss.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.3 Significant Accounting Policies (Continued)

(g) Revenue Recognition

Revenue comprises the fair value of the consideration received or receivable for the sale of goods and services in the ordinary course of the Society's activities. Revenue is shown net of returns, rebates and discounts and after eliminating sales within the Society.

The Society recognised revenue when the amount of revenue can be reliably measured, it is probable that future economic benefits will flow to the Society and specific criteria have been met for each of the Society's activities as described below. The amount of revenue is not considered to be reliably measurable until all contingencies relating to the sale have been resolved. The Society bases its estimates on historical results, taking into consideration the type of customer, the type of transaction and the specifics of each arrangement.

(i) Sponsorship Income

Revenue is recognised upon rendering of services or activities for which the sponsorship intend to compensate and the transaction can be estimated reliably. In the event the outcome of the transaction could not be measured reliably, revenue is recognised to the content of the expenses incurred that are recoverable.

(ii) Donations

Donations are accounted for on receipts basis and when the outcome of the transactions can be ascertained reliably.

(iii) Membership Fees

Membership fees are accounted for on receipts basis and recognised over the membership period.

(iv) Sale of Goods

Revenue is recognised upon delivery of goods and customers' acceptance and where applicable.

(v) Services

Revenue is recognised upon the rendering of services and when the outcome of the transaction can be estimated reliably. In the event the outcome of the transaction could not be estimated reliably, revenue is recognised to the extent of the expenses incurred that are recoverable.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.3 Significant Accounting Policies (Continued)

(g) Revenue Recognition (Continued)

(vi) Rental and Interest Income

Rental and interest income are recognised on an accrual basis.

(h) Employee benefits

(i) Short term employee benefits

Wages, salaries, social security contribution, bonuses and non-monetary benefits are accrued in the period in which the associated services are rendered by the employees. Short-term accumulating compensated absences such as paid annual leave are recognised when services are rendered by employees that increase their entitlement to future compensation absences. Short term non-accumulating compensated absences sick leave, maternity and paternity leave are recognised when absences occur.

(ii) Post-employment benefits

The Society contributes to the Employees' Provident Fund, the national defined contribution plan. The contributions are charged to the profit or loss in the period to which they are related. Once the contributions have been paid, the Society has no further payment obligations.

(i) Cash and Cash Equivalents

For the purpose of the statement of cash flows, cash and cash equivalents comprise cash in hand, deposits, bank balances and other short term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to insignificant risk of change in value. Cash and cash equivalents are stated net of bank overdrafts which are repayable on demand.

3. SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGEMENTS

The preparation of the Society's financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities at the end of the reporting period. However, uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amount of the asset or liability affected in the future.

3. **SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGEMENTS (Continued)**

(i) **Impairment of Receivables**

An impairment loss is recognised when there is objective evidence that a financial asset is impaired. The management committee specifically reviews its loan and receivables financial assets and analyses historical bad debts, customer concentrations, customer creditworthiness, current economic trends and changes in the customer payment terms when making a judgment to evaluate the adequacy of the allowance for impairment losses. Where there is objective evidence of impairment, the amount and timing of future cash flows are estimated based on historical loss experience for assets with similar credit risk characteristics. If the expectation is different from the estimation, such difference will impact the carrying value of receivables.

4. **EQUIPMENTS**

	Furniture and Equipment RM	Computer and Software RM	Renovation RM	Total RM
2015				
Cost				
At 1st June	116,252	92,437	28,394	237,083
Additions	1,180	-	-	1,180
At 31st May	117,432	92,437	28,394	238,263
Accumulated Depreciation				
At 1st June	116,252	85,529	17,036	218,817
Depreciation for the financial year	236	2,166	5,679	8,081
At 31st May	116,488	87,695	22,715	226,898
Carrying amount				
At 31st May	944	4,742	5,679	11,365
2014				
Cost				
At 1st June	116,252	85,285	28,394	229,931
Additions	-	7,152	-	7,152
At 31st May	116,252	92,437	28,394	237,083
Accumulated Depreciation				
At 1st June	116,252	83,693	11,358	211,303
Depreciation for the financial year	-	1,836	5,678	7,514
At 31st May	116,252	85,529	17,036	218,817
Carrying amount				
At 31st May	-	6,908	11,358	18,266

5. INVENTORIES

	2015 RM	2014 RM
At cost		
Books	45,065	48,459
Less: Allowance for slow-moving inventories	(10,983)	(10,983)
	34,082	37,476

6. TRADE RECEIVABLES

	2015 RM	2014 RM
Trade receivables	840,090	762,197
Less: Allowance of impairment	(36,309)	(37,629)
	803,781	724,568

(a) The Society's normal credit terms range from 30 to 60 days (2014: 30 to 60 days). The credit terms are assessed and approved on a case-by-case basis.

(b) Ageing analysis of trade receivables

The ageing analysis of the Society's trade receivables are as follows:

	2015 RM	2014 RM
Neither past due nor impaired	247,410	331,851
1 to 30 days	72,107	270,099
31 to 60 days	195,180	2,300
61 to 90 days	1,000	7,641
More than 90 days	288,084	112,677
	803,781	724,568
Impaired	36,309	37,629
	840,090	762,197

<u>Receivables that are neither past due nor impaired</u>

Trade receivables that are neither past due nor impaired are creditworthy trade receivables with good payment records with the Society.

None of the Society's trade receivables that are neither past due nor impaired have been renegotiated during the financial year.

6. **TRADE RECEIVABLES (Continued)**

(b) Ageing analysis of trade receivables

Receivables that are neither past due but not impaired

The Society has trade receivables amounting to RM484,264/- (2014: RM122,618/-) that are past due at the reporting date but not impaired.

Based on past experience and no adverse information to date, the council members of the Society are of the opinion that no allowance for impairment is necessary in respect of these balances as there has not been a significant change in the credit quality and the balances are still considered fully recoverable.

Receivables that are impaired

The Society's trade receivables that are impaired at the reporting date and the movement of the allowance accounts used to record the impairment is as follows:

	2015 RM	2014 RM
Individually impaired		
Trade receivables - nominal amounts	36,309	37,629
Less: Impairment of receivables	(36,309)	(37,629)
	-	-
Movement in allowance amount		
At 1st June	37,629	37,737
Reversal of allowance for impairment no longer required	(1,320)	(108)
At 31st May	36,309	37,629

7. OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

	2015 RM	2014 RM
Other receivables	25,870	170,256
Less: Impairment of receivables	(7,927)	(7,927)
	17,943	162,329
Deposits	17,270	16,270
Prepayments	15,371	18,581
	50,584	197,180

8. FIXED DEPOSITS WITH A LICENSED BANK

The fixed deposits at the end of the reporting date bore a weighted average effective interest rate ranging from 3.00% to 3.40% (2014: 2.75% to 3.14%) per annum. The fixed deposits have maturity periods ranging from 30 days to 1 year (2014: 30 days to 1 year).

9. CASH AND CASH EQUIVALENTS

The currency profile of cash and cash equivalents is as follows:

	2015 RM	2014 RM
Ringgit Malaysia	70,688	70,667
Pound Sterling	40,715	38,043
	111,403	108,710

10. ACCUMULATED FUND

	2015 RM	2014 RM
General Fund	1,879,529	1,629,520
Malaysian Nature Society Projects	(1,543,823)	(776,626)
70th Anniversary Celebration	316,838	316,838
General Reserve Fund	-	200,000
Merdeka Award Fund	272,443	272,443
Funds held in fiduciary capacity	327,615	318,072
Total Funds	1,252,602	1,960,247

11. OTHER PAYABLES, DEPOSITS AND ACCRUALS

	2015 RM	2014 RM
Other payables	194,947	158,816
Deposits	3,200	3,200
Accruals	206,389	187,368
Deferred income	364,931	652,081
Prepaid membership fee	267,113	231,037
	1,036,580	1,232,502

Deferred income is income relating to sponsorships for projects which are accounted for on receipts basis but deferred so as to match the income recognised with the related costs for which the income is intended to compensate.

12. REVENUE FOR PROJECTS OF SOCIETY

	2015 RM	2014 RM
General fund	798,088	985,743
Conservation fund	1,448,540	1,260,064
Centres and environmental education fund	2,050,557	3,215,363
Communications fund	356,945	476,956
Corporate partners fund	69,293	194,909
	4,723,423	6,133,035

13. TOTAL EXPENDITURE FOR PROJECTS OF SOCIETY

	2015 RM	2014 RM
General fund	596,293	1,022,158
Conservation fund	1,840,831	1,394,299
Centres and environmental education fund	2,315,658	3,067,390
Communications fund	687,828	957,691
	5,440,610	6,441,538

14. TAX EXEMPTION

The Society has been granted on exemption from income tax under Schedule 6 Part 1 Paragraph 13 of the Income Tax Act, 1967. Consequently no taxation is provided for the financial year.

15. FINANCIAL INSTRUMENTS

(a) Classification of Financial Instruments

Financial assets and financial liabilities are measured on an ongoing basis either at fair value or at amortised cost. The principal accounting policies in Note 2.3 describe how classes of financial instruments are measured, and how income and expense, including fair value gains and losses, are recognised. The following table analyses the financial assets and liabilities in the statement of financial position by the class of financial instruments to which they are assigned, and therefore by the measurement basis:

	Loans and receivables	Financial liabilities at amortised cost	Total
2015	**RM**	**RM**	**RM**
Financial assets			
Trade receivables	803,781	-	803,781
Other receivables and deposits	35,213	-	35,213
Fixed deposits with a licensed bank	1,277,967	-	1,277,967
Cash and bank balances	111,403	-	111,403
	2,228,364	-	2,228,364
Financial liabilities			
Other payables, deposits and accruals	-	404,536	404,536
2014			
Financial assets			
Trade receivables	724,568	-	724,568
Other receivables and deposits	178,599	-	178,599
Fixed deposits with a licensed bank	2,106,549	-	2,106,549
Cash and bank balances	108,710	-	108,710
	3,118,426	-	3,118,426
Financial liabilities			
Other payables, deposits and accruals	-	349,384	349,384

15. FINANCIAL INSTRUMENTS (Continued)

(b) Financial Risk Management and Objectives

The Society seeks to manage effectively the various risks namely interest rate, foreign currency, liquidity and credit risks, to which the Society is exposed to in its daily operations.

(i) Foreign Currency Risk

Foreign currency risk is the risk that the fair value or future cash flows of the Society's financial instruments will fluctuate because of changes in foreign exchange rates.

The Society has transactional currency exposures arising from membership fees and bank balance that are denominated in a currency other than the functional currencies of the Society. The foreign currencies in which these balances are denominated are Singapore Dollar, Pound Sterling and US Dollar.

The Society's exposure to foreign currency (a currency which is other than the functional currency of the Society) risk, based on carrying amounts as at the end of reporting period is as follows:-

	2015 RM	2014 RM
Financial assets		
Cash and bank balances:		
- Pound Sterling	40,715	38,043

<u>Sensitivity analysis for foreign currency risk</u>

A 5% strengthening/weakening of the RM against the Singapore Dollar, Sterling Pound and US Dollar at the end of the reporting period would have immaterial impact on surplus for the financial year. As such, no sensitivity analysis is presented.

15. **FINANCIAL INSTRUMENTS (Continued)**

(b) **Financial Risk Management and Objectives (Continued)**

(ii) **Liquidity Risk**

Liquidity risk is the risk that the Society will not be able to meet its financial obligations as they fall due. The Society's exposure to liquidity risk arises principally from its various payables, loans and borrowings.

The Society maintains a level of cash and cash equivalents and bank facilities deemed adequate by the management to ensure, as far as possible, that it will have sufficient liquidity to meet its liabilities when they fall due.

Maturity analysis

The maturity profile of the Society's financial liabilities based on contractual undiscounted repayment at the reporting date are as follows:

	Carrying Amount RM	Contractual Undiscounted Cash Flows RM	On demand or within one year RM
2015			
Financial liabilities:			
Other payables, deposits and accruals	404,536	404,536	404,536
2014			
Financial liabilities:			
Other payables, deposits and accruals	349,384	349,384	349,384

(iii) **Credit Risk**

Credit risk is the risk of a financial loss to the Society if a customer or counterparty to a financial instrument fails to meet its contractual obligations. The Society's exposure to credit risk arises primarily from trade and other receivables. The Society's exposure to credit risk arises principally from loan, advances and financial guarantees to subsidiaries.

The management has a credit policy in place to monitor and minimise the exposure of default. The management has in place a credit procedure to monitor and minimise the exposure of default. Trade receivables are monitored on a regular and an ongoing basis. Credit evaluations are performed on all customers requiring credit over certain amount.

17. **FINANCIAL INSTRUMENTS (Continued)**

(b) **Financial Risk Management and Objectives (Continued)**

(iii) **Credit Risk (Continued)**

(a) *Exposure to credit risk*

At the reporting date, the Society's maximum exposure to credit risk is represented by the carrying amount of trade receivables recognised in the statements of financial position.

Information regarding credit enhancements for trade receivables is disclosed in Note 6 to the financial statements.

(b) *Credit risk concentration profile*

The Society's major concentration of credit risk relates to the amount owing by five customers which constituted approximately 53% (2014: 33%) of its trade receivables as at the end of the reporting period.

(c) *Financial assets that are neither past due nor impaired*

Information regarding trade and other receivables that are neither past due nor impaired is disclosed in Note 6 to the financial statements. Deposits with banks and other financial institutions are placed with or entered into with reputable financial institutions with high credit ratings and no history of default.

(d) *Financial assets that are either past due or impaired*

Information regarding financial assets that are past due or impaired is disclosed in Note 6 to the financial statements.

(c) **Fair values**

The fair values of financial assets and financial liabilities of the Society approximate their carrying amounts on the statement of financial position.

There were no unrecognised financial instruments as at 31st May 2015.

(d) **Fair Value Hierarchy**

As the financial assets and financial liabilities of the Society is not carried at fair value by any valuation method, the fair value hierarchy analysis is not presented.

MALAYSIAN NATURE SOCIETY
(Registered Under Malaysian Societies Act, 1966)

STATEMENT BY COUNCIL MEMBERS

We, **HENRY GOH KOK SIEW** and **YOW NGAN CHEE,** being two of the Council Members of Malaysian Nature Society, do hereby state that in the opinion of the Council Members, the accompanying financial statements are properly drawn up in accordance with the Malaysian Financial Reporting Standards and the International Financial Reporting Standards so as to give a true and fair view of the financial position of the Society as at 31st May 2015 and of the results and cash flows of the Society for the financial year ended on that date.

On behalf of the Council Members,

....
HENRY GOH KOK SIEW
President

....
YOW NGAN CHEE
Hon. Treasurer

Kuala Lumpur

Date: 17 AUG 2015

BAKER TILLY

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INDEPENDENT AUDITORS' REPORT TO THE COUNCIL MEMBERS OF MALAYSIAN NATURE SOCIETY
(Registered Under Malaysian Societies Act, 1966)

Report on the Financial Statements

We have audited the financial statements of Malaysian Nature Society, which comprise the statement of financial position as at 31st May 2015 of the Society, statement of comprehensive income, statement of changes in equity and statement of cash flows of the Society for the financial year then ended, and a summary of significant accounting policies and other explanatory information, as set out pages 1 to 26.

Council Members' Responsibility for the Financial Statements

The Council Members of the Society are responsible for the preparation of financial statements that give a true and fair view in accordance with Malaysian Financial Reporting Standards and the International Financial Reporting Standards and for such internal control as the Council Members determine are necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with approved standards on auditing in Malaysia. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on our judgement, including the assessment of risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we consider internal controls relevant to the Society's preparation of financial statements that give a true and fair view 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 controls. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

INDEPENDENT AUDITORS' REPORT TO THE COUNCIL MEMBERS OF MALAYSIAN NATURE SOCIETY (Continued)
(Registered Under Malaysian Societies Act, 1966)

Opinion

In our opinion, the financial statements give a true and fair view of the financial position of the Society as at 31st May 2015 and of its financial performance and cash flows for the financial year then ended in accordance with the Malaysian Financial Reporting Standards and the International Financial Reporting Standards.

Other Matters

This report is made solely to the Council Members of the Society, as a body and for no other purposes. We do not assume responsibility to any other person for the contents of this report.

Baker Tilly Monteiro Heng	Lock Peng Kuan
No. AF 0117	No. 2819/10/16 (J)
Chartered Accountants	Chartered Accountant

Kuala Lumpur

Date: 17 AUG 2015