

## Malaysian Nature Society ‘MNS’

### Treasurer’s Report on the Financial Performance for the year ended 31 May 2022.

Dear Members, I detail below the financial performance of MNS for the year ended 31 May 2022. The following analysis forms an integral part of the Audited Income & Expenditure Statement for the year ended 31.5.2022.

<b>Y E 31.5.2022</b>	<b>General / Projects Funds</b>	<b>Donation/ Sustainability Funds</b>	<b>BOT Funds</b>	<b>Total as per audited accounts</b>
	<b>RM’000</b>	<b>RM’000</b>	<b>RM’000</b>	<b>RM’000</b>
Revenue for the year	2,791	262	0	3,053
Expenditure for the year	(2,976)			(2,976)
<b>Operating (Deficit) / Surplus</b>	<b>(185)</b>	<b>262</b>		<b>77</b>
Interest Income	22		22	44
<b>Surplus /(Deficit) for the year</b>	<b>⊠ (163)</b>	<b>262</b>	<b>22</b>	<b>121</b>
<b>Y E 31.5.2021</b>				
Revenue for the year	2,410	141	0	2,551
Expenditure for the year	(3,134)		0	(3,134)
<b>Operating (Deficit) / Surplus</b>	<b>(724)</b>	<b>141</b>	<b>0</b>	<b>(583)</b>
Interest Income	16	-	52	68
<b>Surplus /(Deficit) for the year</b>	<b>⊠ (708)</b>	<b>141</b>	<b>52</b>	<b>(515)</b>

### General/Projects Fund

Total operating revenue for the year amounted to RM3m as compared to RM2.5m for the previous financial year, an increase of RM0.5m equivalent to 16%. The society’s project income for the previous year was severely affected by the prolonged Movement Controls (MCO) resulting from Covid 19 pandemic.

Following the easing of the MCOs the society was able to resume its many projects including several tree planting projects which resulted in the increase of its operating revenue. The three major tree planting sponsors include Hong Leong Bank, UMW and Nestle and their projects are still ongoing into the forthcoming financial year. A sum of RM262K out of total revenue has been allocated to Donations and Sustainability Funds in line with Council’s decisions taken in 2016 ensuring the sustainability of the society going forward.

Total operating expenditure on the other hand decreased from RM3.1m in the preceding year to RM3m, a reduction of RM158K an equivalent of 5%. Mitigation plans ie reduction in staff salaries adopted since mid 2020 to reduce the impact of the drop in revenue was the main contributor to the decrease in operating expenditure.

The Society still incurs fixed overheads of RM135K per month comprising mainly staff salaries.

Interest income from Fixed Deposits amounted to RM44K for current year as compared to RM68K for the previous year, attributable to the lower fixed deposit interest rates.

Together with the interest income, the net operating deficit for the year ended 31.5.2022 amounted to RM163K as compared to a net deficit of RM708K for the previous year.

### **Donation/Sustainability Funds**

These two funds were established in 2016 for the following purposes:-

1. Donation fund to account for all donations received (monies without specific obligations) and retained to finance projects deemed necessary for which no sponsorship was secured.
2. Sustainability fund created from the 60% apportionment of General Admin Charge of 12% on most project monies earned. Purpose of this fund is to ensure the future sustenance of the society as a going concern.
3. A Donation Fund launched during the year ie RM1 Million Challenge garnered RM29K as at 31.5.2022.

The top two funds have been increased by the monies earned/ received during the year. Amount earned/received for the current year of RM262K as compared to RM141K for the previous year reflects the increase in revenue arising from the three major tree planting projects.

### **BOT Funds**

These funds are under the custodianship of the Board of Trustees and are placed on Fixed Deposits. Interest earned on the fixed deposits goes to increase these funds. Balance of BOT funds as at 31.5.2021 of RM1.48m increased by interest income of RM22K to RM1.50m as at 31.5.2022.

However, as your Society experienced a deficit of Operating Funds over Project Trust Funds, the Board, has on 22.7.22 approved the release of RM330K from the 70<sup>th</sup> Anniversary Fund to MNS Operating Funds to replenish the said deficit. This advance to the Operating Funds shall be repaid upon payments received from projects where MNS is required to 'spend first claim later' basis. With the above, balance of BOT Funds now stands at RM1.17m.

### **Financial Position as at 31.5.2022 compared to 31.5.2021**

	<b>31.5.2022</b>	<b>31.5.2021</b>
	<b>RM'000</b>	<b>RM'000</b>
Trade and Other Receivables	727	359
Cash and Deposits	3,297	3,151
Other payables, Deposits and Accruals	(346)	(214)
Contract Liabilities (Deferred Income)	(1,676)	(1,429)

Trade and Other Receivables increased by RM368K mainly attributable to expenses incurred on projects yet to be billed ie Myforest and Nestle .

Cash and deposits increased marginally by RM146K..

Current liabilities increased by RM132K, includes RM100K which has been settled in June 2022.

Project Trust funds (Deferred Income) represents monies received from sponsors on account of projects to be carried out in the near future. Balance of RM1.429m increased by RM247K reflecting the increase in projects acquired during the year.

With a closing cash balance of RM3.297m as at 31.5.2022, the society's Operating Funds has already eroded part of the Project Trust Funds (Deferred Income) ie sponsor's monies retained for future projects.

Details before BOT's release of funds, as follows:-

	RM'000
Cash Balance as at 31.5.2022	3,297
Less Cash under custodianship of BOT	(1,499)
Cash held in Fiduciary Capacity	<u>(443)</u>
MNS Cash available for operations	1,355
Balance of Project Trust Funds	<u>(1,676)</u>
Deficit financed by Project Trust Funds	<u>(321)</u>

BOT's approval dated 22.7.22 to finance the above deficit by the release of RM330K from the 70<sup>th</sup> Anniversary Fund to overcome the above breach of trust. This advance shall be repaid upon payments received from the aforementioned projects.

Finally, I would like to extend my special thanks to the Secretariat and staff for their commitments and sacrifices towards the future sustenance of the Society as well as assisting me to discharge my duties in MNS.

15.8.22