

LEAP SPIRAL

Company Number: 877479-K

(Incorporated in Malaysia)

Financial Statements

Year Ended 31 December 2017

Company Number: 877479-K

LEAP SPIRAL
(Incorporated in Malaysia)

AUDITED FINANCIAL STATEMENTS
AND OTHER FINANCIAL INFORMATION

DIRECTORS

Cynthia Clare Ong Gaik Suan
Winnie Long Siew Mei
Kenneth Brockington Wilson
Margaret Dalzell Lowman

SECRETARY

Sophia Mojiwat (LS 0008813)

REGISTERED OFFICE

H30, Gaya Park, Lorong Muntahan 1C,
Jalan Penampang,
88300 Kota Kinabalu,
Sabah.

AUDITORS

DMC

BANKER

RHB Bank Bhd.

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LEAP SPIRAL
(Incorporated in Malaysia)

DIRECTORS' REPORT

The directors have pleasure in presenting their report together with the audited financial statements of the company for the year ended 31 December 2017.

PRINCIPAL ACTIVITIES

The company is an approved organization under S44(6) of the Income Tax Act, 1967. It is engaged in non-profit activities that facilitate projects, partnerships and exchanges that promote sustainable ecological co-existence, organizing and funding educational and charitable assistance to groups and individuals.

There has been no significant change in the nature of these activities during the financial year.

	2017
	RM
Balance brought forward	388,849
Surplus for the year	7,302
Balance carried forward	<u>396,151</u>

In the opinion of the directors, the results of the operations of the company during the financial year have not been substantially affected by any item, transaction or event of a material and unusual nature.

DIRECTORS

The names of the directors of the company in office from the date of the last report to the date of this report are as follows:

Cynthia Clare Ong Gaik Suan	
Winnie Long Siew Mei	
Kenneth Brockington Wilson	(Appointed on 27 December 2017)
Margaret Dalzell Lowman	(Appointed on 27 December 2017)

The company is a company limited by guarantee and thus has no shares in which the directors could have an interest.

Neither at the end of the financial year, nor at any time during that year, did there subsist any arrangement to which the company is a party, whereby directors might acquire benefits by means of the acquisition of debentures of the company or any other body corporate.

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DIRECTORS – CONTD'

No director has received or become entitled to receive any benefits (other than a benefit included in the aggregate amount of emoluments received or due and receivable by directors shown in the financial statements or the fixed salary of a full time employee of the company) by reason of a contract made by the company or a related corporation with any director or with a firm of which the director is a member or with a company in which the director has a substantial financial interest.

ISSUE OF DEBENTURES

The company did not issue any debentures during the financial year.

OPTIONS GRANTED OVER UNISSUED SHARES AND DEBENTURES

No options were granted to any person to take up debentures of the company during the year.

OTHER STATUTORY INFORMATION

- (a) Before the financial statements of the company 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 provision for doubtful debts and satisfied themselves that no known bad debts had been written-off and that no provision for doubtful debts was necessary; and
 - (ii) to ensure that any current assets which were unlikely to realise their value as shown in the accounting records in the ordinary course of business have been written down to an amount which they might be expected so to realise.
- (b) At the date of this report, the directors are not aware of any circumstances which would render:
 - (i) the amount written off for bad debts or the amount of the allowance for doubtful debts in respect of these financial statements inadequate to any substantial extent; or
 - (ii) the values attributed to current assets in the financial statements of the company misleading.
- (c) At the date of this report, the directors are not aware of any circumstances which have arisen which render adherence to the existing method of valuation of assets or liabilities of the company misleading or inappropriate.

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OTHER STATUTORY INFORMATION – CONTD'

- (d) At the end of this report, the directors are not aware of any circumstances not otherwise dealt with in this report or the financial statements of the company which would render any amount stated in this financial statements misleading.
- (e) As at the date of this report, there does not exist:
 - (i) any charge on the assets of the company which has arisen since the end of the financial year which secures the liabilities of any person; or
 - (ii) any contingent liability in respect of the company which has arisen since the end of the financial year.
- (f) In the opinion of the directors:
 - (i) no contingent liability or other liabilities has become enforceable or is likely to become enforceable within the period of twelve months after the end of the financial year which will or may affect the liability of the company to meet its obligations when they fall due;
 - (ii) the results of the operation of the company during the year were not substantially affected by any item, transaction or event of a material and unusual nature;
 - (iii) no item, transaction or event of a material and unusual nature has arisen in the interval between the end of the financial year and the date of this report which is likely to affect substantially the results of the operations of the company for the financial year in which this report is made.

AUDITORS' REMUNERATIONS

The total amount paid to or receivable by the auditors as remuneration for their services as auditors are as follows:

	2017
	RM
Statutory Audit	<u>5,200</u>

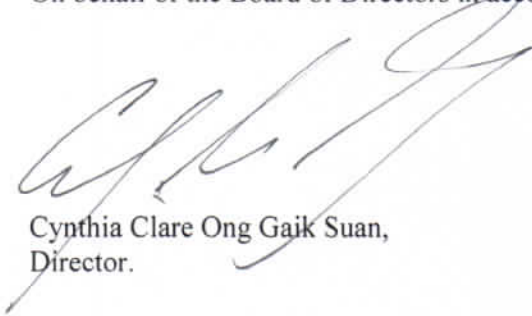
Company Number: 877479-K

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AUDITORS

The auditors, Messrs DMC, have indicated their willingness to accept reappointment in accordance with Section 267(4) of the Companies Act, 2016.

On behalf of the Board of Directors in accordance with a resolution of the directors,



Cynthia Clare Ong Gaik Suan,
Director.



Winnie Long Siew Mei,
Director.

Kota Kinabalu.

Date : **19 APR 2018**

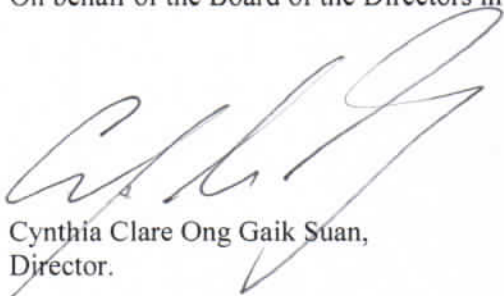
LEAP SPIRAL

**STATEMENT BY DIRECTORS PURSUANT TO
SECTION 251(2) OF THE COMPANIES ACT, 2016**

We, Cynthia Clare Ong Gaik Suan and Winnie Long Siew Mei, being two of the directors of Leap Spiral, do hereby state that, in the opinion of the directors, the financial statements of the company set out on pages 11 to 37 are drawn up in accordance with the Malaysian Financial Reporting Standards and the requirement of Companies Act, 2016 so as to give a true and fair view of:

- (i) the financial position of the company as at 31 December 2017, and its financial performance for the year ended on that date; and
- (ii) the cash flows of the company for the year ended 31 December 2017.

On behalf of the Board of the Directors in accordance with a resolution of the Directors,



Cynthia Clare Ong Gaik Suan,
Director.



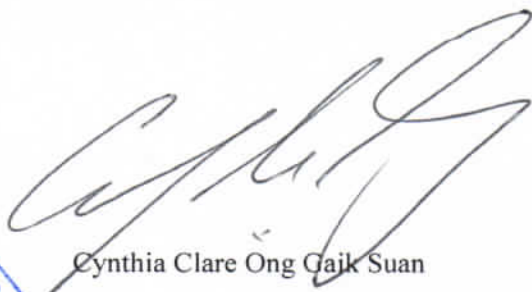
Winnie Long Siew Mei,
Director.

Kota Kinabalu
Date: **19 APR 2018**

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

I, Cynthia Clare Ong Gaik Suan (NRIC No: 650423-12-5708), being the director primarily responsible for the financial management of Leap Spiral, do solemnly and sincerely declare that the financial statements set out on pages 11 to 37 are, to the best of my knowledge and belief, correct and I make this solemn declaration conscientiously believing the same to be true, and by virtue of the provisions of the Statutory Declarations Act, 1960.

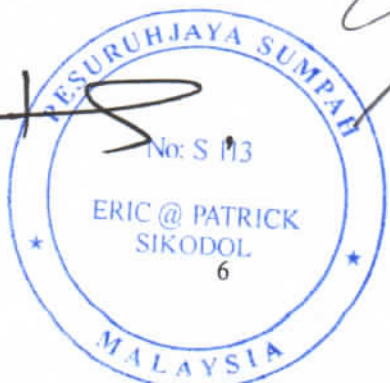
Subscribed and solemnly declared by
Cynthia Clare Ong Gaik Suan, at
Kota Kinabalu in the State of Sabah,
this **19 APR 2018**,



Cynthia Clare Ong Gaik Suan



ERIC @ PATRICK SIKODOL
Commissioner for Oaths
(Pesuruhjaya Sumpah S 113)
Shoplot Unit No. G. 18,
Ground Floor, Golden Centre Putatan
Putatan, Sabah, Malaysia



INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF

LEAP SPIRAL

Company Number: 877479-K

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Leap Spiral, which comprise the statement of financial position as at 31 December 2017, and the statement of comprehensive income, statement of changes in equity' fund 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 on pages 11 to 37.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the company as at 31 December 2017, and of its financial performance and its cash flows for the year then ended in accordance with Malaysian Financial Reporting Standard and the requirement of the Companies Act, 2016 in Malaysia.

Basis for Opinion

We conducted our audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing. Our responsibilities under those standards are further described in the Auditors' 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 company 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.

Information Other than the Financial Statements and Auditors' Report Thereon

The directors of the company are responsible for the other information. The other information comprises the Statement by Directors but does not include the financial statements of the company and our auditors' report thereon.

Our opinion on the financial statements of the company does not cover the Statement by Directors and we do not express any form of assurance conclusion thereon.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF

LEAP SPIRAL

Company Number: 877479-K

Information Other than the Financial Statements and Auditors' Report Thereon – contd'

In connection with our audit of the financial statements of the company, our responsibility is to read the Statement by Directors and, in doing so, consider whether the Statement by Directors is materially inconsistent with the financial statements of the company or our knowledge obtained in the audit or otherwise appears to be materially misstated. Based on the work we have performed, we have nothing to report in this regard.

Responsibilities of the Directors for the Financial Statements

The directors of the company are responsible for the preparation of financial statements of the company that give a true and fair view in accordance with Malaysian Financial Reporting Standard and the requirement of the Companies Act, 2016 in Malaysia.

The directors are also responsible for such internal controls as the directors determine is necessary to enable the preparation of financial statements of the company that are free from material misstatement, whether due to fraud or error. In preparing the financial statements of the company, the directors are responsible for assessing the company'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 company or to cease operations, or have no realistic alternative but to do so.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements of the company 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 company, 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 controls.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF



LEAP SPIRAL
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Report on Other Legal and Regulatory Requirements

In accordance with the requirements of the Companies Act, 2016 in Malaysia, we also report that in our opinion, the accounting and other records and the registers required by the Act to be kept by the company have been properly kept in accordance with the provisions of the Act.

Other Matters

This report is made solely to the members of the company, 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.

DMC

AF: 2060

Chartered Accountants

CHU TET CHUNG, DESMOND

1819/04/20 (J)

Partner.

Kota Kinabalu.

Date: **19 APR 2018**

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF

LEAP SPIRAL

Company Number: 877479-K

Auditors' Responsibilities for the Audit of the Financial Statements – contd'

- Obtain an understanding of internal controls 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 company's internal controls.
- 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 company'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 company 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 company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements of the company, 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.

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.

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

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

LEAP SPIRAL

**STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2017**

	NOTE	2017 RM	2016 RM
GRANTS AND PROJECTS			
Operational funds from LEAP Inc		349,127	1,206,266
Non-profit organization grants and donations		19,325	-
		<u>368,452</u>	<u>1,206,266</u>
Deficit from Community Abai Project	5	-	(6,679)
Surplus/(Deficit) from Bornean Sun Bear Conservation Centre	6	-	-
Surplus from miscellaneous projects	7	70,936	2,168
Deficit from Forever Sabah	8	(356,797)	(624,838)
Deficit from other environmental projects	9	-	(9,318)
Surplus from Malua Wildlife Habitat Conservation Bank	10	-	15,000
Deficit from Rumantai Community Project	11	-	(22,330)
Deficit from RAMSAR Community Group 8	12	(31,378)	-
Surplus from Species Conservation	13	326,672	-
Deficit from Certified Sustainable Palm Oil (CSPO)	14	(70,288)	-
Surplus from Humans Habitats Highways	15	128,043	-
Surplus from Payment for Ecosystem Services (PES)	16	39,131	-
		<u>474,771</u>	<u>560,269</u>
LESS: ADMINISTRATIVE EXPENSES	17	(480,105)	(634,186)
ADD: OTHER INCOME			
Fixed deposit interest earned		760	2,981
Programme service fee		10,875	400
Miscellaneous income		1,001	-
SURPLUS/(DEFICIT) FOR THE YEAR	18	<u><u>7,302</u></u>	<u><u>(70,536)</u></u>

The notes from pages 15 to 37 form an integral part of the financial statements.

LEAP SPIRAL

STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2017

	NOTE	2017 RM	2016 RM
NON-CURRENT ASSETS			
Property, plant and equipment	19	26,586	24,575
CURRENT ASSETS			
Trade and other receivables	20	15,368	83,149
Cash and cash equivalents	21	663,314	380,965
		<u>678,682</u>	<u>464,114</u>
TOTAL ASSETS		<u>705,268</u>	<u>488,689</u>
ACCUMMULATED FUNDS			
Balance brought forward		388,849	459,385
Surplus/(Deficit) for the year		7,302	(70,536)
Balance Carried Forward		<u>396,151</u>	<u>388,849</u>
CURRENT LIABILITIES			
Trade and other payables	22	309,117	99,840
		<u>309,117</u>	<u>99,840</u>
TOTAL EQUITY & LIABILITIES		<u>705,268</u>	<u>488,689</u>

The notes from pages 15 to 37 form an integral part of the financial statements.

LEAP SPIRAL

**STATEMENT OF CHANGES IN ACCUMULATED FUNDS
FOR THE YEAR ENDED 31 DECEMBER 2017**

	Total RM
As at 31 December 2015	459,385
Deficit for the year	(70,536)
As at 31 December 2016	<u>388,849</u>
Surplus for the year	7,302
As at 31 December 2017	<u><u>396,151</u></u>

LEAP SPIRAL

**STATEMENT OF CASH FLOW
FOR THE YEAR ENDED 31 DECEMBER 2017**

	2017	2016
	RM	RM
Cash flows from operating activities		
Surplus/(Deficit) for the year before capital changes	7,302	(70,536)
Adjustments for:		
Depreciation of property, plant and equipment	7,183	8,276
Property, plant & equipment written off	934	-
	<u>15,419</u>	<u>(62,260)</u>
Decrease/(Increase) in trade and other receivables	67,781	(44,647)
Increase in trade and other payables	209,277	88,097
Net cash generated from/(used in) operations	292,477	(18,810)
Cash flows from investing activities		
Purchase of property, plant and equipment	<u>(10,128)</u>	<u>(2,530)</u>
Net cash used in investing activities	<u>(10,128)</u>	<u>(2,530)</u>
Net movement in cash and cash equivalents	282,349	(21,340)
Cash in hand at beginning of the year	<u>380,965</u>	<u>402,305</u>
Cash in hand at end of the year	<u><u>663,314</u></u>	<u><u>380,965</u></u>
Analysis of Cash & Cash Equivalents		
Cash at hand	40	1,000
Cash in bank	<u>663,274</u>	<u>379,965</u>
	<u><u>663,314</u></u>	<u><u>380,965</u></u>

LEAP SPIRAL
(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENT – 31 DECEMBER 2017

1. CORPORATE INFORMATION

The company is an approved organization under S44(6) of the Income Tax Act, 1967. It is engaged in non-profit activities that facilitate projects, partnerships and exchanges that promote sustainable ecological co-existence, organizing and funding educational and charitable assistance to groups and individuals.

The company's registered office and principal place of business is located at H30, Gaya Park, Lorong Muntahan 1C, Jalan Penampang, 88300, Kota Kinabalu, Sabah, as of May 2017.

The number of employees in the company at the end of the financial year was 11 (2016: 6).

The financial statements of the company are presented in Ringgit Malaysia (RM)

The financial statements were authorized for issue by the board of directors in accordance with a resolution of the directors on **19 APR 2018**

2. BASIS OF PREPARATION

The financial statements of the company have been prepared in accordance with the Malaysian Financial Reporting Standards and the requirements of the Companies Act, 2016 in Malaysia.

The financial statements have been prepared under the historical cost convention except as disclosed in the summary of significant accounting policies in Note 3 to the financial statements.

The preparation of financial statements in conformity with MFRS requires the use of certain critical accounting estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reported period. It also requires directors to exercise their judgment in the process of applying the company's accounting policies. Although these estimates and judgments are based on the directors' 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 statement are disclosed in Note 4.

LEAP SPIRAL
(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENT – 31 DECEMBER 2017

2. BASIS OF PREPARATION - CONTD

- (a) Standards, amendments to published standards and interpretations that are effective. The company has applied the following amendments for the first time for the financial year beginning on 1 September 2016:

- Amendments to MFRS 101 “Presentation of Financial Statements’ – Disclosure Initiative;
- Amendments to MFRS 127 “Equity Method in Separate Financial Statements”;
- Annual Improvements to MFRSs 2012-2014 Cycle;

The adoption of these amendments did not have any impact on the current period or any prior period and is not likely to affect future periods.

- (b) Standards and amendments that have been issued but not yet effective:

A number of new standards and amendments to standards and interpretations are effective for financial year beginning after 1 September 2016. None of these is expected to have a significant effect on the consolidated financial statements of the company, except the following set out below:

- Amendments to MFRS 107 ‘Statement of Cash Flows – Disclosure Initiative’ (effective from 1 January 2017) introduction an additional disclosure on the changes in liabilities from financing activities.
- Amendments to MFRS 112 ‘Income Taxes – Recognition of Deferred Tax Assets for Unrealised Losses’ (effective from 1 January 2017) clarify the requirements for recognising deferred tax assets on unrealised losses arising from deductible temporary difference on asset carried at fair value.

In addition, the evaluating whether an entity will have sufficient taxable profits in future periods against which deductible temporary differences can be utilised, the amendments require an entity to compare the deductible temporary differences with future taxable profits that excludes tax deductions resulting from the reversal of those temporary differences. The amendments shall be applied retrospectively.

- IC Interpretation 23 ‘Uncertainty over Income Tax Treatments’ (effective from 1 January 2019) clarifies how MFRS 112 Income Taxes is applied in recognising and measuring deferred and current income tax assets and liabilities when there are situations where there is uncertainty over whether the tax treatment will be accepted by the tax authority.

IC Interpretation 23 provides guidance on when to recognise and how to measure the uncertainty. There are 2 methods to measure the effect of uncertainty, 1) the most likely amount; and 2) the expected value. An entity shall use the measurement method which best predicts the resolution of the uncertainty.

LEAP SPIRAL
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NOTES TO THE FINANCIAL STATEMENT – 31 DECEMBER 2017

2. BASIS OF PREPARATION - CONTD

(b) Standards and amendments that have been issued but not yet effective: - Contd

When assessing the effects of uncertain tax treatments on current and deferred tax accounting, an entity shall assume the taxation authority:

- has a right to examine; and
- has full knowledge of all related information when making those examinations

An entity is required to apply IC Interpretation 23 retrospectively.

- MFRS 9 'Financial Instruments'(effective from 1 January 2018) will replace MFRS 139 "Financial Instruments: Recognition and Measurement"

MFRS 9 retains but simplifies the mixed measurement model in MFRS 139 and establishes three primary measurement categories for financial assets: amortised cost, fair value through profit or loss and fair value through other comprehensive income("OCI"). The basis of classification depends on the entity's business model and the cash flow characteristics of the financial asset. Investments in equity instruments are always measured at fair value through profit or loss with an irrevocable option at inception to present changes in fair value in OCI (provided the instrument is not held for trading). A debt instrument is measured at amortised cost only if the entity is holding it to collect contractual cash flows and the cash flows represent principal and interest.

For liabilities, the standard retains most of the MFRS 139 requirements. These include amortised cost accounting for the most financial liabilities, with bifurcation of the embedded derivatives. The main change is that, in cases where the fair value option is taken for financial liabilities, the part of a fair value change due to an entity's own credit risk is recorded in other comprehensive income rather than in profit or loss, unless this creates an accounting mismatch.

MFRS 9 introduces an expected credit loss model on the impairment that replaces the incurred loss impairment model used in MRFS 139. The expected credit loss model is forward-looking and eliminates the need for a trigger event to have occurred before credit losses are recognised.

- MFRS 16 'Leases'(effective form 1 January 2019) supersedes MFRS 117 'Leases' and the related interpretations.

Under MFRS 16, a lease is a contract (or part of a contract) that conveys the right to control the use of an identifies asset for a period of time in exchange for consideration

MFRS 16 eliminates the classification of leases by the lessee as either finance leases(on balance sheet). MFRS 16 requires a lessee to recognise a "right-of-use" of the underlying asset and a lease liability reflecting future lease payments for most leases.

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NOTES TO THE FINANCIAL STATEMENT – 31 DECEMBER 2017

2. BASIS OF PREPARATION - CONTD

(b) Standards and amendments that have been issued but not yet effective: - Contd

The right-of-use is depreciated in accordance with the principle in MRFS 116 'Property, Plant and Equipment' and the lease liability is accreted and account from them differently.

- MFRS 15 'Revenue from contracts with customers'(effective from 1 January 2018) replaces MFRS 118 'Revenue' and MFRS 111 'Construction Contracts' and related interpretations. The core principle in MFRS 15 is that an entity recognises revenue to depict the transfer of promise goods or services to the customer in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services.

Revenue is recognised when a customer obtains control of goods or services, i.e. when the customer has the ability to direct use of and obtain the benefits from the goods or services.

A new five-step process is applied before the revenue can be recognised:

- Identify contracts with customers;
- Identify the separate performance obligations;
- Determine the transaction price of the contract;
- Allocate the transaction price to each of the separate performance obligations; and
- Recognise the revenue as each performance obligation is satisfied

Key provisions of the new standard are as follows:

- Any bundled goods or services that are distinct must be separately recognised, and any discounts or rebates on the contract price must generally be allocated to the separate elements.
- If the consideration varies(such as for incentives, rebates, performance fees, royalties, success of an outcome etc), minimum amounts of revenue must be recognised if they are not at significant risk or reversal.
- The point at which revenue is able to be recognised may shift: some revenue which is currently recognised at a point in time at the end of a contract may have to be recognised over the contract term and vice versa.
- There are new specific rules on licences, warranties, non-refundable upfront fees, and consignment arrangements, to name a few.
- As with any new standard, there are also increased disclosures

Management is currently assessing the impact arising from the initial application of these standards on the financial statements of the company.

LEAP SPIRAL
(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENT – 31 DECEMBER 2017

3. SIGNIFICANT ACCOUNTING POLICIES

a) 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, and the costs of dismantling and removing the items and restoring the site on which they are located. The cost of self-constructed assets also includes the cost of materials and direct labour. Cost also may include transfers from equity of any gain or loss on qualifying hedges of foreign currency purchases of property, plant and equipment.

Purchased software that is integral to the functionality of the related equipment is capitalised as part of that equipment.

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” or “other expenses” respectively in profit or loss.

(ii) Subsequent costs

The cost of replacing a component of an item of property, plant and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the component will flow to the company, 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 asset, then that 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. Leased assets are depreciated over the shorter of the lease term and their useful lives unless it is reasonably certain that the company will obtain ownership by the end of the lease term. Freehold land is not depreciated. Property, plant and equipment under construction are not depreciated until the assets are ready for their intended use.

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(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENT – 31 DECEMBER 2017

3. SIGNIFICANT ACCOUNTING POLICIES – CONTD'

a) Property, Plant and Equipment – contd'

(iii) Depreciation – contd.

The estimated useful lives for the current and comparative years are as follows:

Furniture and fittings	3 – 10 years
Office and equipment	3 – 10 years
Computer equipment	3 – 10 years

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

b) Offsetting financial instruments

Financial assets and liabilities are offset and the net amount presented in the statement of financial position when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis, or realise the asset and settle the liability simultaneously. The legally enforceable right must not be contingent on the future events and must be enforceable in the normal course of business and in the event of default, insolvency or bankruptcy.

c) Trade and other receivables

Trade and other receivables generally arise from transactions outside the usual operating activities of the company. If collection is expected in one year or less (or in the normal operating cycle of the business is longer), they are classified as current assets. If not, they are presented as non-current assets.

Cash flows are included in the statement of cash flows on a gross basis. After recognition, other receivables are subsequently measured at amortised cost using the effective interest method, less provision for impairment.

d) Cash and cash equivalents

For the purpose of the statement of cash flows, cash equivalents are held for the purpose of meeting short-term cash commitments rather than for investment or other purposes. Cash and cash equivalents comprise cash on hand, deposits held at call with financial institutions, other short term, highly liquid investments with original maturities of 3 months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk changes in value.

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NOTES TO THE FINANCIAL STATEMENT – 31 DECEMBER 2017

3. SIGNIFICANT ACCOUNTING POLICIES – CONTD'

e) Trade and other payables

Trade and other payables represent liabilities for goods or services provided to the company prior to the end of financial year which are unpaid. Trade and other payables are classified as current liabilities unless payment is not due within 12 months after the reporting period. If not, they are presented as non-current liabilities.

Cash flows are included in the statement of cash flows on a gross basis.

Trade payables are subsequently measured at amortised cost using the effective interest method.

f) Provisions

Provisions are recognised when the company has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation and a reliable estimate of the amount can be made.

Where the company expects a provision to be reimbursed by another party, the reimbursement is recognised as a separate asset but only when the reimbursement is virtually certain. Provisions are not recognised for future operating losses.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

Provisions are measured at the present value of management's best estimate of the expenditure expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognised as finance cost expense.

g) Contingent assets and liabilities

The company does not recognise contingent assets and liabilities other than those arising from business combination, but discloses its existence in the financial statements. A contingent liability is possible obligation that arises from past event whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events beyond the control of the company or a present obligation that is not recognised because it is not probable that an outflow of resources will be required to settle the obligation. A contingent liability also arises in the extremely rare case where there is a liability that cannot be recognised because it cannot be measured reliably. However, contingent liabilities do not include financial guarantee contracts.

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NOTES TO THE FINANCIAL STATEMENT – 31 DECEMBER 2017

3. SIGNIFICANT ACCOUNTING POLICIES – CONTD'

g) Contingent assets and liabilities – contd'

A contingent asset is a possible asset that arises from past events whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events beyond the control of the company. The company does not recognise contingent assets but discloses its existence where inflows of economic benefits are probable, but not virtually certain.

h) Revenue and Other Income

(i) Revenue

Revenue is measured at the fair value of the consideration received or receivable net to discount and rebate on an accrual basis. Revenue is recognised to the extent that it is probable that economic benefits associated with the transaction will flow to the company.

(ii) Interest income

Interest income is recognised as it accrues using the effective interest method in profit or loss.

(iii) Government and other grants

Government grants are recognised initially as deferred income at fair value when there is reasonable assurance that they will be received and the company will comply with the conditions associated with the grant and are then recognised in profit or loss as other income on a systematic basis over the useful life of the asset. Grants that compensate the company for expenses incurred are recognised in profit or loss as other income on a systematic basis in the same period in which the expenses are recognised. Grants that compensate the company for the cost of an asset are recognised in profit or loss on a systematic basis over the useful life of the asset.

(iv) Donation

Donations are recognized on receipt basis.

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NOTES TO THE FINANCIAL STATEMENT – 31 DECEMBER 2017

3. SIGNIFICANT ACCOUNTING POLICIES – CONTD'

i) Financial Instruments

(i) Initial recognition and measurement

A financial asset or a financial liability is recognised in the statements of financial position when, and only when, the company 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 categorises and subsequent measurement.

The company categorise financial instruments as follows:

Financial Assets

(a) Financial assets at fair value through profit or loss

Fair value through profit or loss category comprises financial assets that are held for trading, including derivatives (except for a derivative that is a financial guarantee contract or a designated and effective hedging instrument) or financial assets that are specifically designated into this category upon initial recognition.

Other financial assets classified as fair value through profit or loss is subsequently measured at their fair values with the gain or loss recognised in profit or loss.

(b) Held-to-maturity investments

Held-to-maturity investments category comprises debt instruments that are quoted in an active market the company has the positive intention and ability to hold them to maturity. Financial assets categorised as held to maturity investments are subsequently measured at amortised cost using the effective interest method.

(c) Loans and receivables

Loans and receivables category comprises debts instruments that are not quoted in an active market. Financial assets categorised as loans and receivables are subsequently measured at amortised cost using the effective interest method.

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NOTES TO THE FINANCIAL STATEMENT – 31 DECEMBER 2017

3. SIGNIFICANT ACCOUNTING POLICIES – CONTD'

i) Financial Instruments – contd'

(ii) Financial instrument categorises and subsequent measurement. – contd'

Financial Assets – contd'

(d) Available-for-sale financial assets

Available-for-sale category comprises investments in equity and debt securities instruments that are not held for trading.

Investments in equity instruments that do not have a quoted market price in an active market and whose fair value cannot be reliably measured are measured at cost. Other financial assets categorised as available-for-sale are subsequently measured at their fair values with the gain or loss recognised in other comprehensive income, except for impairment losses, foreign exchange gains and losses arising from monetary items and gains and losses of hedged items attributable to hedge risks of fair value hedges which are recognised in profit or loss.

On derecognition, the cumulative gain or loss recognised in other comprehensive income is reclassified from equity into profit or loss. Interest calculated for a debt instrument using the effective interest method is recognised in profit or loss.

Financial Liabilities

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

Fair value through profit and loss category comprises of financial liabilities that are held for trading, derivatives (except for a derivative that is a financial guarantee contract or a designated and effective hedging instrument) or financial liabilities that are specifically designated into this category upon initial recognition.

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

LEAP SPIRAL
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NOTES TO THE FINANCIAL STATEMENT – 31 DECEMBER 2017

3. SIGNIFICANT ACCOUNTING POLICIES – CONTD'

i) Financial Instruments – contd'

(iii) Regular way purchase or sale of financial assets

A regular way purchase or sale is a purchase or sale of a financial asset under a contract whose terms require delivery of the asset within the time frame established generally by regulation or convention in the marketplace concerned.

A regular way purchase or sale of financial assets is recognized and derecognised, as applicable, using trade date accounting. Trade date accounting refers to:

- (a) the recognition of an asset to be received and the liability to pay for it on the trade date, and
- (b) derecognition of an asset that is sold, recognition of any gain or loss on disposal and the recognition of a receivable from the buyer for payment on the trade date.

(iv) 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 the financial asset 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 (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 the profit and loss.

A financial liability or 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 and loss.

j) Employee Benefits

(i) Short-term employee benefits

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

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NOTES TO THE FINANCIAL STATEMENT – 31 DECEMBER 2017

3. SIGNIFICANT ACCOUNTING POLICIES – CONTD'

j) Employee Benefits – contd'

(i) Short-term employee benefits – contd'

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

(ii) State plans

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

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

Estimates and judgements are continually evaluated by the directors and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The company makes estimates and assumptions concerning the future. The resulting estimates will, by definition, rarely equal the related actual results. To enhance the information content of the estimates, certain key variables that are anticipated to have material impact to the company's result and financial position are tested for sensitivity to changes in the underlying parameters. There are no critical accounting estimates and judgements made by the director during the year.

4.1 Estimation Uncertainty

(a) Measurement of a Provision

The company uses a "best estimate" as the basis for measuring a provision. Management evaluates the estimates based on the company's historical experiences and other inputs or assumptions, current developments and future events that are reasonably possible under the particular circumstances.

In the case when a provision relates to large population of customers (such as warranty provision), a probability weighted estimate of the outflows required to settle the obligation is used. In the case of a single estimate (such as a provision for environmental restoration costs), a referenced contractor's price or market price is used as the best estimate. If an obligation is to be settled over time, the expected outflows are discounted at a rate that takes into account the time value of money and the risk that the actual account might differ from the estimate made. The actual outcome may differ from the estimate made and this may have a significant effect on the company's financial position and the results.

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NOTES TO THE FINANCIAL STATEMENT – 31 DECEMBER 2017

5. COMMUNITY ABAI PROJECT (CAP)

This community-based eco-tourism, forest restoration and capacity building project is located in Kampung Abai, on the Kinabatangan river. Through Leap Spiral's bridging work, Community Abai Project has started to build partnerships with major stakeholders including with the government.

	2017	2016
	RM	RM
Grants received	-	-
Less: Expenditures		
Forest restoration	-	4,657
Meeting, evaluation & supervision	-	1,185
Equipment and Supplies	-	664
Miscellaneous	-	173
	<u>-</u>	<u>6,679</u>
Deficit from operations	<u>-</u>	<u>(6,679)</u>

6. BORNEAN SUN BEAR CONSERVATION CENTRE (BSBCC)

Leap Spiral supported the centre in its administrative, accounting and fund-raising activities to establish a sanctuary and rehabilitation programme for sun bears in captivity. These functions were handed over to Bornean Sun Bear Conservation Centre Sdn. Bhd. in November 2014.

	2017	2016
	RM	RM
Donations, grants and funds received	<u>-</u>	<u>3,000</u>
Less: Expenditures		
Other costs	<u>-</u>	<u>3,000</u>
	<u>-</u>	<u>3,000</u>
Surplus/(Deficit) from operations	<u>-</u>	<u>-</u>

LEAP SPIRAL
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NOTES TO THE FINANCIAL STATEMENT – 31 DECEMBER 2017

7. MISCELLANEOUS PROJECTS

	2017	2016
	RM	RM
Donation & grants received	142,399	-
Programme service fee	-	2,485
	<u>142,399</u>	<u>2,485</u>
Less: Expenditures		
Fees and allowances	40,056	-
Membership fees	5,915	-
Postage and courier services	-	30
Staff expenses	22,022	-
Training and meeting	1,200	-
Transportation	-	19
Travelling and accommodation	2,187	238
Other costs	83	30
	<u>71,463</u>	<u>317</u>
Surplus from operations	<u>70,936</u>	<u>2,168</u>

8. FOREVER SABAH

Forever Sabah is a long term programme to support Sabah's transition to a diversified, equitable, circular and green economy. Forever Sabah will be delivered through a ground-up, project-based approach to address the issues of habitat protection and restoration, climate change and land use, the development of local communities' capacity building, and the bridging of critical knowledge and skills gaps.

	2017	2016
	RM	RM
Non-profit organization grants and donations	260,243	498,086
Fund raising	-	931
Programme service fee	35,286	205,535
Miscellaneous income	-	-
	<u>295,529</u>	<u>704,552</u>

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NOTES TO THE FINANCIAL STATEMENT – 31 DECEMBER 2017

8. FOREVER SABAH – CONTD'

	2017	2016
	RM	RM
Total Income	<u>295,529</u>	<u>704,552</u>
Less: Expenditures		
Bank charges	-	16
Contract fee, salary and allowance	-	1,123,496
Equipment and supplies	-	13,330
Funds disbursed to grantee	652,326	-
Miscellaneous	-	1,365
Printing and stationery	-	612
Rental	-	2,500
Training and meeting	-	105,928
Transportation	-	17,284
Travelling & accommodation	-	64,436
Website design & maintenance	-	423
	<u>652,326</u>	<u>1,329,390</u>
Deficit from operations	<u>(356,797)</u>	<u>(624,838)</u>

9. OTHER ENVIRONMENTAL PROJECTS

Leap Spiral is a member of the Roundtable on Sustainable Palm Oil (RSPO) as well as the Malaysia Palm Oil NGO Coalition (MPONGOC), which aims to provide a civil society perspective on social and environmental issues related to palm oil production.

	2017	2016
	RM	RM
Donation received	<u>-</u>	<u>-</u>
Less: Expenditures		
Membership fees	-	9,157
Parking fee	-	26
Printing, stationery & supplies	-	7
Travelling & accommodation	-	96
Other professional fees	-	32
	<u>-</u>	<u>9,318</u>
Deficit from operations	<u>-</u>	<u>(9,318)</u>

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NOTES TO THE FINANCIAL STATEMENT – 31 DECEMBER 2017

10. MALUA WILDLIFE HABITAT CONSERVATION BANK (MALUA BIO-BANK)

The Malua Bio Bank seeks to rehabilitate and preserve 34,000 hectares of critical rainforest habitat for wildlife, based on a model which promotes partnership between industry and conservation through the selling of Biodiversity Credit Certificates (BCC) on the global market. Leap Spiral serves as the committee secretariat.

	2017	2016
	RM	RM
Programme service fees	-	15,000
Miscellaneous income	-	-
	<u>-</u>	<u>15,000</u>
Less: Expenditures		
Transportation	-	-
Travelling	-	-
	<u>-</u>	<u>-</u>
Surplus for operations	<u>-</u>	<u>15,000</u>

11. RUMANTAI COMMUNITY PROJECT

Leap Spiral supports the Community's capacity building programmes which aim to strengthen the skills and capabilities of villagers, and assists the Community in establishing eco-tourism and cultural preservation activities that promote the conservation of the local environment. This project was discontinued in September 2016 due to the Community's lack of engagement. The balance of the unutilized funds was re-allocated to support the operations of Leap Spiral, according to the funder's instructions.

	2017	2016
	RM	RM
Grant received	<u>-</u>	<u>-</u>
Less: Expenditures		
Re-allocation of grant	-	18,330
Equipment	-	3,800
Transport	-	200
	<u>-</u>	<u>22,330</u>
Deficit from operations	<u>-</u>	<u>(22,330)</u>

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NOTES TO THE FINANCIAL STATEMENT – 31 DECEMBER 2017

12. RAMSAR COMMUNITY GROUP 8 (RCG8)

This initiative is a partnership between Leap Spiral, Forever Sabah, and the Sabah Forestry Department to empower the RCG8 communities from the Lower Kinabatangan Segama Wetlands RAMSAR site, to build capacity and effectively participate in the governance and management of resources in the wetland.

	2017	2016
	RM	RM
Grant received	<u>92,900</u>	<u>-</u>
Less: Expenditures		
Construction costs of fish cage	24,582	-
Equipment and supplies	23,578	-
Fees and allowances	27,547	-
Miscellaneous	27	-
Printing and stationery	48	-
Training & meetings	30,106	-
Travelling and accommodation	18,390	-
	<u>124,278</u>	<u>-</u>
Deficit from operations	<u>(31,378)</u>	<u>-</u>

13. SPECIES CONSERVATION

Leap Spiral has been part of the Sabah Shark Alliance which supports the Sabah Shark Protection Association, in its activities in conserving Sabah's sharks and rays. LEAP is also administering the funds from the Global Protection for Sharks and Rays Fund, for a shark and ray conservation project focusing on law and policy reform, research, conservation and livelihoods, and awareness in Sabah.

	2017	2016
	RM	RM
Grant received	<u>577,980</u>	<u>-</u>
Less: Expenditures		
Equipment and supplies	1,433	-
Fees and allowances	248,608	-
Miscellaneous	23	-
Travelling and accommodation	1,244	-
	<u>251,308</u>	<u>-</u>
Surplus from operations	<u>326,672</u>	<u>-</u>

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14. CERTIFIED SUSTAINABLE PALM OIL (CSPO)

These are programmes to assist and increase the readiness of the smallholders in Sabah, in their transition to 100% Certified Sustainable Palm Oil (CSPO) by 2025, under the collaboration of Leap Spiral and Forever Sabah.

	2017 RM	2016 RM
Grant received	-	-
Less: Expenditures		
Equipment and supplies	20,409	-
Fees and allowances	36,834	-
Miscellaneous	1	-
Printing and stationery	124	-
Training & meetings	777	-
Travelling and accommodation	12,143	-
	<u>70,288</u>	<u>-</u>
Deficit from operations	<u>(70,288)</u>	<u>-</u>

15. HUMANS HABITATS HIGHWAYS

LEAP Spiral and Forever Sabah are working with the research team from the James Cooke University (JCU), to enhance the relevance and impact of JCU's research findings on environmental impacts of rapid expansion of construction of highways, by building engagement and agency within the relevant social, political and legal processes for infrastructural development in Malaysia.

	2017 RM	2016 RM
Grant received	398,248	-
Less: Expenditures		
Equipment and supplies	269	-
Fees and allowances	247,500	-
Miscellaneous	201	-
Printing and stationery	544	-
Training & meetings	17,022	-
Travelling and accommodation	4,669	-
	<u>270,205</u>	<u>-</u>
Surplus from operations	<u>128,043</u>	<u>-</u>

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16. PAYMENT FOR ECOSYSTEM SERVICES (PES)

Leap Spiral together with Forever Sabah, are working with stakeholders to build readiness amongst the communities and others, to use PES for growing Sabah's and Malaysia's capacity and capability to enhance water resource governance, community vitality and socio-economic opportunities.

	2017	2016
	RM	RM
Grant received	152,500	-
Less: Expenditures		
Equipment and supplies	7,203	-
Fees and allowances	68,400	-
Miscellaneous	7	-
Postage and courier services	5	-
Printing and stationery	298	-
Professional services	1,030	-
Seedlings and supplies	440	-
Training & meetings	33,806	-
Travelling and accommodation	2,180	-
	<u>113,369</u>	<u>-</u>
Surplus from operations	<u>39,131</u>	<u>-</u>

17. ADMINISTRATIVE EXPENSES

	2017	2016
	RM	RM
Bank charges	53	772
Business registration fees	1,113	88
Facilities and equipment	9,307	8,279
Office costs	33,909	29,055
Other costs	27	-
Balance c/d	<u>44,409</u>	<u>38,194</u>

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NOTES TO THE FINANCIAL STATEMENT – 31 DECEMBER 2017

17. ADMINISTRATIVE EXPENSES - CONTD

	2017	2016
	RM	RM
Balance b/d	44,409	38,194
Publicity & communications	2,446	1,969
Professional services	13,390	8,334
Rental and management fees	33,723	35,523
Staff expenses	383,882	535,312
Training & meetings	170	10,152
Transportation	2,085	4,702
	<u>480,105</u>	<u>634,186</u>

18. SURPLUS FOR THE YEAR

This is arrived at after charging:-

	2017	2016
	RM	RM
Depreciation of property, plant & equipment	7,183	8,276
Directors' salary	115,440	85,440
Office rental	27,225	30,195
Property, plant & equipment impaired	934	-
Staff costs	383,882	535,312
And crediting:-		
Fixed deposit interest	760	2,981
	<u>760</u>	<u>2,981</u>

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NOTES TO THE FINANCIAL STATEMENT – 31 DECEMBER 2017

19. PROPERTY, PLANT & EQUIPMENT

	Office Equipment RM	Computer Equipment RM	Furniture & Fittings RM	TOTAL RM
At Cost:-				
Additions	1,900	6,558	1,670	10,128
Impairment	(230)	(899)	(1,501)	(2,630)
As at 31.12.2016	14,836	31,153	17,027	63,016
As at 31.12.2017	<u>16,506</u>	<u>36,812</u>	<u>17,196</u>	<u>70,514</u>
Accumulated Depreciation:-				
Charge for the 2016	1,158	5,415	1,703	8,276
Charge for the year	709	4,789	1,685	7,183
Impairment	(229)	(898)	(569)	(1,696)
As at 31.12.2016	12,399	18,276	7,766	38,441
As at 31.12.2017	<u>12,879</u>	<u>22,167</u>	<u>8,882</u>	<u>43,928</u>
Net Book Value:-				
As at 31.12.2017	<u>3,627</u>	<u>14,645</u>	<u>8,314</u>	<u>26,586</u>
As at 31.12.2016	<u>2,437</u>	<u>12,877</u>	<u>9,261</u>	<u>24,575</u>

20. TRADE AND OTHER RECEIVABLES

	2017 RM	2016 RM
Prepayments	3,829	6,546
Deposit	3,500	5,700
Sundry receivables	8,039	70,903
	<u>15,368</u>	<u>83,149</u>

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NOTES TO THE FINANCIAL STATEMENT – 31 DECEMBER 2017

21. CASH & CASH EQUIVALENTS

The company's cash management policy is to use cash and bank balances to manage cash flows to ensure sufficient liquidity to meet the company's obligations. The components of cash and equivalents consist of:

	2017	2016
	RM	RM
Cash in hand	40	1,000
Cash at bank	663,274	379,965
	<u>663,314</u>	<u>380,965</u>

22. TRADE AND OTHER PAYABLES

	2017	2016
	RM	RM
Advances from a director	4,473	4,473
Sundry payables	304,644	95,367
	<u>309,117</u>	<u>99,840</u>

Advances from a director are measured at undiscounted amount because the effect of discounting is immaterial.

23. FINANCIAL INSTRUMENTS

(a) Financial Risk

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

(b) Credit Risk

Credit risks, or the risk of counter parties defaulting, are controlled by the application of credit approvals, limit and monitoring procedures. Credit risks are minimized and monitored via strictly limiting the company's associations to business partners with high creditworthiness. Trade receivables are monitored on an ongoing basis via company management reporting procedures.

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NOTES TO THE FINANCIAL STATEMENT – 31 DECEMBER 2017

23. FINANCIAL INSTRUMENTS – CONTD'

(b) Credit Risk – contd'

The company does not have any significant exposure to any individual customer or counterparty nor does it have any major concentration of credit risk related to any financial instruments.

(c) Liquidity Risk

The company actively manages its debt maturity profile, operating cash flows and the availability of funding so as to ensure that all refinancing, repayment and funding needs are met. As part of its overall prudent liquidity management, the company maintains sufficient levels of cash to meet its working capital requirement. The company strives to maintain available banking facilities of a reasonable level to its overall debt position.

(d) Fair Value

Fair value is defined as the amount at which the financial instrument could be exchanged in a current transaction between knowledgeable willing parties in an arm's length transaction, other than in a forced or liquidation sale. It is not practical for the company to determine the fair values as at balance sheet date.

24. TAXATION

The company is a non profit organization which undertakes non profit activities to promote ecologically sustainable and conservation practices that protects land, animals and people by organizing and funding educational and charitable assistance to groups and individuals. Suplus is exempted from income tax under paragraph 13(1)(b) of schedule 6, Part I of the Income Tax Act, 1967.