

Company No. : 940689-W

**INSTITUTE FOR DEMOCRACY AND ECONOMIC
AFFAIRS BERHAD**
(Incorporated in Malaysia as a company limited by guarantee)

**REPORTS AND FINANCIAL STATEMENTS FOR THE YEAR ENDED
31 DECEMBER 2013**

INSTITUTE FOR DEMOCRACY AND ECONOMIC AFFAIRS BERHAD
(Company No. : 940689-W)
(Incorporated in Malaysia as a company limited by guarantee)

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INSTITUTE FOR DEMOCRACY AND ECONOMIC AFFAIRS BERHAD

(Company No. : 940689-W)

(Incorporated in Malaysia as a company limited by guarantee)

CORPORATE INFORMATION

BOARD OF DIRECTORS

Tunku Zain Al-Abidin Ibni Tunku Muhriz

Wan Saifulruddin Bin Wan Jan

Wan Mohd Firdaus Bin Wan Mohd Fuaad

COMPANY SECRETARY

Leong Yee Keon (MAICSA 7022531)

REGISTERED ADDRESS

Suite 21.02 & 03

21st Floor, Menara Haw Par

Jalan Sultan Ismail

50250 Kuala Lumpur

PLACE OF BUSINESS

F4, Taman Tunku

Bukit Tunku

50480 Kuala Lumpur

AUDITORS

A. Razak & Co. (AF 0842)

Chartered Accountants

51-D, 2nd Floor, Jalan Perdana 3/10

Pandan Jaya

55100 Kuala Lumpur

PRINCIPAL BANKER

CIMB Bank Berhad

INSTITUTE FOR DEMOCRACY AND ECONOMIC AFFAIRS BERHAD

(Company No. : 940689-W)

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REPORT OF THE TRUSTEES

The Directors have pleasure in presenting their report and the audited financial statements of the Institute for the financial year ended 31 DECEMBER 2013.

PRINCIPAL ACTIVITIES

The Institute is engaged in promoting economic and democracy ideas, policies and understanding.

There have been no significant changes in the nature of the principal activities during the financial year.

OPERATING RESULTS

Deficit for the year	RM <u>(8,732)</u>
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In the opinion of the directors, the results of the operations of the Institute during the year have not been substantially affected by any item, transaction or event of a material and unusual nature.

DIRECTORS

The directors who served since the date of last report are :-

Tunku Zain Al-Abidin Ibni Tunku Muhriz
Wan Saifulruddin Bin Wan Jan
Wan Mohd Firdaus Bin Wan Mohd Fuaad

DIRECTORS BENEFIT

Since the date of last report, no Directors of the Institute has received or become entitled to receive any benefits by reason of a contract made by the Institute with the Directors or with a firm of which the Directors is a member or with a Institute in which the Directors has a substantial financial

Since the date of last report, no director has received or become entitled to receive a benefit (other than a benefit included in the aggregate amount of emoluments received or due and receivable by the Director as 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 the 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.

INSTITUTE FOR DEMOCRACY AND ECONOMIC AFFAIRS BERHAD

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RESERVES AND PROVISIONS

There were no material transfers to or from reserves and provisions during the year.

BAD AND DOUBTFUL DEBTS

Before the financial statements were made out, the Directors took reasonable steps to ascertain that action has been taken in relation to the writing off of bad debts and the making of allowance for doubtful debts, and have satisfied themselves that there were no known bad debts and that no allowance for doubtful debts is required.

At the date of this report, the Directors are not aware of any circumstances which would render any amount to be written off as bad debts or provided for as doubtful debts in the financial statements of the Company.

CURRENT ASSETS

Before the financial statements were made out, the Directors took reasonable steps to ensure that any current assets, other than debts, which were unlikely to realise in the ordinary course of business their values as shown in the accounting records of the Institute have been written down to an amount which they might be expected to realise.

At the date of this report, the Directors are not aware of any circumstances which would render the values attributed to current assets in the financial statements of the Institute misleading.

VALUATION METHODS

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 Institute misleading or inappropriate.

INSTITUTE FOR DEMOCRACY AND ECONOMIC AFFAIRS BERHAD

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CHANGE OF CIRCUMSTANCES

At the date of this report, the Directors are not aware of any circumstances not otherwise dealt with in this report or the financial statements which would render any amounts stated in the financial statements misleading.

ITEMS OF AN UNUSUAL NATURE

The results of the operations of the Institute for the year ended 31 DECEMBER 2013 were not, in the opinion of the directors, substantially affected by any item, transaction or event of a material and unusual nature.

EVENT SUBSEQUENT TO BALANCE SHEET DATE

There has not arisen in the interval between the end of the financial year and the date of this report any item, transaction or event of a material and unusual nature likely, in the opinion of the Directors, to affect substantially the results of the operations of the Institute for the financial year in which this report is made.

OPTIONS

No options have been granted during the year ended covered by the statement of comprehensive income to take up unissued shares of the Institute.

INDEPENDENT AUDITORS

The auditors, Messrs. A. Razak & Co., have expressed their willingness to be re-appointed in accordance with Section 172 (2) as the Company Act, 1965.

INSTITUTE FOR DEMOCRACY AND ECONOMIC AFFAIRS BERHAD

(Company No. : 940689-W)

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Signed on behalf of the Board in accordance with a resolution of the Directors,



TUNKU ZAIN AL-ABIDIN IBNI
TUNKU MUHRIZ
^
Director



WAN SAIFULRUDDIN BIN WAN JAN
Director

Kuala Lumpur, Malaysia

Date : 12 3 JUN 2014

INSTITUTE FOR DEMOCRACY AND ECONOMIC AFFAIRS BERHAD

(Company No. : 940689-W)

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STATEMENT BY DIRECTORS

Pursuant to Section 169 (15) of the Companies Act, 1965

We, TUNKU ZAIN AL-ABIDIN IBNI TUNKU MUHRIZ and WAN SAIFULRUDDIN BIN WAN JAN, being two of the Directors of INSTITUTE FOR DEMOCRACY AND ECONOMIC AFFAIRS BERHAD, do hereby state that, in our opinion, the financial statements set out on pages 9 to 29 are drawn up in accordance with Malaysian Financial Reporting Standard and the requirements of the Companies Act, 1965 in Malaysia so as to give a true and fair view of the state of affairs of the Institute as at 31 DECEMBER 2013 and of its income and expenditure and receipt and payment for the year ended on that date.

Signed on behalf of the Board in accordance with a resolution of the Directors,



TUNKU ZAIN AL-ABIDIN
IBNI TUNKU MUHRIZ



WAN SAIFULRUDDIN
BIN WAN JAN

Kuala Lumpur

Date : 23 JUN 2014

STATUTORY DECLARATION

Pursuant to Section 169 (16) of the Companies Act, 1965

I, WAN SAIFULRUDDIN BIN WAN JAN, being the Trustees responsible for the accounting records and financial management of INSTITUTE FOR DEMOCRACY AND ECONOMIC AFFAIRS BERHAD, do solemnly and sincerely declare that financial statements set out on pages 9 to 29 are, to the best of my knowledge and belief, correct and I make this solemn declaration conscientiously believing the same to be true and by virtue of the provisions of the Statutory Declarations Act, 1960.

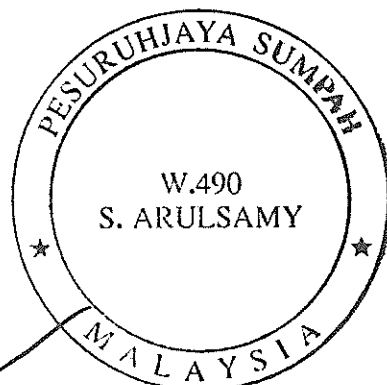
Subscribed and solemnly declared by the abovenamed WAN SAIFULRUDDIN BIN WAN JAN, I/C No. 750620-02-5579 at Kuala Lumpur in the state of Wilayah Persekutuan on this 23 JUN 2014



WAN SAIFULRUDDIN
BIN WAN JAN

Before me,

Commissioner for Oaths
Kuala Lumpur.



16 - Tingkat Bawah Jalan Pudu,
55100 Kuala Lumpur.

**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF
INSTITUTE FOR DEMOCRACY AND ECONOMIC AFFAIRS BERHAD**

(Company No. : 940689-W)

(Incorporated in Malaysia as a company limited by guarantee)

Report on the Financial Statements

We have audited the financial statements of INSTITUTE FOR DEMOCRACY AND ECONOMIC AFFAIRS BERHAD, which comprise the balance sheet as at 31 DECEMBER 2013, and the income statement, and statement of receipts and payment for the year then ended, and a summary of significant accounting policies and other explanatory notes, as set out on pages 9 to 29.

Directors' Responsibility for the Financial Statements

The Directors of the Institute are responsible for the preparation of financial statements that give a true and fair view in accordance with Malaysian Financial Reporting Standards and the requirements of the Companies Act, 1965 in Malaysia and for such internal controls as the directors 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, internal control relevant to the Institute's preparation of the 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 Institute's internal control. 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 MEMBERS OF
INSTITUTE FOR DEMOCRACY AND ECONOMIC AFFAIRS BERHAD**

(Company No. : 940689-W)

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Opinion

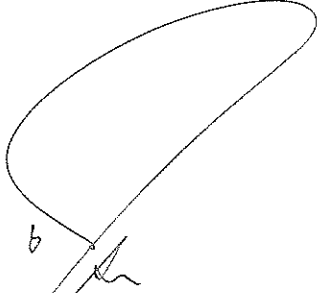
In our opinion, the financial statements have been properly drawn up in accordance with Malaysian Financial Reporting Standard and the requirements of the Companies Act, 1965 in Malaysia so as to give a true and fair view of the financial position of the Institute as of 31 DECEMBER 2013 and of its financial performance and statement of receipts and payments for the year then ended.

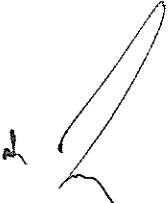
Report on Other Legal and Regulatory Requirements

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

Other Matters

This report is made solely to the Directors of the Institute, as a body and for no other purpose. We do not assume responsibility to any other person for the content of this report.


A. RAZAK & CO.
AF 0842
Chartered Accountants
Kuala Lumpur
Date : 23 JUN 2014


ABD. RAZAK BIN HJ. NAZAHDIN
1522/03/16 (J/PH)
Chartered Accountant

INSTITUTE FOR DEMOCRACY AND ECONOMIC AFFAIRS BERHAD

(Company No. : 940689-W)

(Incorporated in Malaysia as a company limited by guarantee)

STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2013

	<u>NOTE</u>	<u>2013</u> <u>RM</u>	<u>2012</u> <u>RM</u>
ASSETS			
Non-Current Asset			
Plant and equipment	4	152,059	151,096
Current Assets			
Trade receivables	5	100,668	122,787
Other receivables	6	25,745	16,045
Cash and bank balances		75,116	5,148
		<u>201,529</u>	<u>143,980</u>
Current Liabilities			
Trade payables	7	26,824	7,900
Other payables	8	469,519	399,203
Bank overdrawn		-	28,760
Provision of taxation		6,764	-
		<u>503,107</u>	<u>435,863</u>
NET CURRENT LIABILITIES		(301,578)	(291,883)
		<u>(149,519)</u>	<u>(140,787)</u>
REPRESENTED BY:			
Fund Employed			
Balance at beginning of the year		(140,787)	(158,871)
(Deficit) / surplus of income over expenditure	9	(8,732)	18,084
Balance as at end of the year		<u>(149,519)</u>	<u>(140,787)</u>

The annexed notes from an integral part of the financial statements.

INSTITUTE FOR DEMOCRACY AND ECONOMIC AFFAIRS BERHAD

(Company No. : 940689-W)

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**INCOME AND EXPENDITURE STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2013**

	<u>NOTE</u>	<u>2013</u> <u>RM</u>	<u>2012</u> <u>RM</u>
INCOME			
Donations	10	1,699,300	1,236,630
Tuition fee - Ideas Autism Centre		53,650	7,400
Less : Donation paid		(15,030)	-
		1,737,920	1,244,030
ADD : OTHER INCOME			
Cash rebate		198	-
Gain on foreign exchange, realised		572	-
Interest income		242	1,295
		1,012	1,295
LESS : EXPENDITURE			
Accounting fee		23,320	6,000
Advertisement		-	18,720
Auditors' remuneration		4,200	4,200
Bank charges		1,389	850
Cleaning expenses		4,240	5,362
Consultancy fee		-	104,253
Cost of special projects	11		
Emerging Market Health Network (EMHN)		282,635	-
GE13 Election Observation		74,336	37,500
Cost of units			
Education	12	103,830	-
Events and Outreach	13	84,572	238,841
Governance	14	55,815	11,540
IDEAS Autism Centre	15	362,017	39,954
Depreciation		57,404	18,540
Directors' remuneration		208,320	178,952
Entertainment		5,206	11,328
EPF and SOCSO		16,221	28,706
Filing fee		-	150
		1,283,505	704,896

The annexed notes from an integral part of the financial statements.

INSTITUTE FOR DEMOCRACY AND ECONOMIC AFFAIRS BERHAD

(Company No. : 940689-W)

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**INCOME AND EXPENDITURE STATEMENT (CONT'D)
FOR THE YEAR ENDED 31 DECEMBER 2013**

	<u>NOTE</u>	<u>2013</u> <u>RM</u>	<u>2012</u> <u>RM</u>
LESS : EXPENDITURE (CONT'D)			
Balance brought forward		1,283,505	704,896
Loss on foreign exchange - realised		9,470	1,346
Membership fee		250	250
Office expenses		2,923	6,749
Postage and courier		1,870	1,465
Professional fee		15,706	22,904
Printing and stationery		34,838	25,252
Refreshment		3,304	9,404
Rental of premises		31,100	26,400
Registration fee		200	3,030
Salaries, wages and allowances		253,290	317,638
Secretarial fee		6,068	1,908
Staff training and benefits		-	22,169
Stamping		280	220
Subscription fee		489	-
Tax fee		5,200	1,200
Telephone charges		11,721	8,684
Toll, petrol and parking		2,005	7,221
Travelling and accommodation		63,955	61,144
Upkeep of computer and software		4,508	-
Upkeep of office equipment		7,980	1,802
Water and electricity		2,238	3,559
		<u>1,740,900</u>	<u>1,227,241</u>
(Deficit) / surplus for the year before taxation	16	(1,968)	18,084
Taxation	17	(6,764)	-
(Deficit) / surplus for the year after taxation		<u>(8,732)</u>	<u>18,084</u>

The annexed notes from an integral part of the financial statements.

INSTITUTE FOR DEMOCRACY AND ECONOMIC AFFAIRS BERHAD
(Company No. : 940689-W)
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**STATEMENT OF CHANGES IN EMPLOYED FUND
FOR THE YEAR ENDED 31 DECEMBER 2013**

	2013 <u>RM</u>
As at 1 January 2012	(158,871)
Surplus of income over expenditure	18,084
As at 31 December 2012	<u>(140,787)</u>
Deficit of income over expenditure	(8,732)
As at 31 December 2013	<u><u>(149,519)</u></u>

The annexed notes from an integral part of the financial statements.

INSTITUTE FOR DEMOCRACY AND ECONOMIC AFFAIRS BERHAD

(Company No. : 940689-W)

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**STATEMENT OF CASH FLOW
FOR THE YEAR ENDED 31 DECEMBER 2013**

	2013	2012
	<u>RM</u>	<u>RM</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
(Deficit) / Surplus before taxation	(1,968)	18,084
Adjustment for:-		
Depreciation	57,445	18,540
Interest income	(242)	(1,295)
Gain on foreign exchange, realised	(572)	-
Loss on foreign exchange, realised	9,470	-
Operating profit before working capital	<u>64,133</u>	<u>35,329</u>
(Decrease) / Increase in trade and other receivables	12,991	(138,832)
Increase in trade and other payables	<u>79,770</u>	<u>213,192</u>
Cash generated from operations	156,894	109,689
Interest income	242	1,295
Net cash generated from operating activities	<u>157,136</u>	<u>110,984</u>
CASH FLOWS FROM INVESTING ACTIVITY		
Purchase of plant and equipment	<u>(58,408)</u>	<u>(139,989)</u>
Net cash used in investing activity	<u>(58,408)</u>	<u>(139,989)</u>
NET INCREASE / (DECREASE) IN CASH AND CASH EQUIVALENTS	98,728	(29,005)
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	(23,612)	5,393
CASH AND CASH EQUIVALENTS AT END OF THE YEAR	<u>75,116</u>	<u>(23,612)</u>
Cash and cash equivalents consist of :-		
Cash and bank balances	75,116	5,148
Bank overdrawn	-	(28,760)
	<u>75,116</u>	<u>(23,612)</u>

The annexed notes from an integral part of the financial statements.

INSTITUTE FOR DEMOCRACY AND ECONOMIC AFFAIRS BERHAD

(Company No. : 940689-W)

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NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2013

1. CORPORATE INFORMATION

The Institute is principally engaged in raising, receiving and administering funds for education, poor people and charitable purposes and other related activities for the benefit of the community.

The registered office is located at Suite 21.02 & 03, 21st Floor, Menara Haw Par, Jalan Sultan Ismail, 50250 Kuala Lumpur.

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

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

The financial statements are expressed in Ringgit Malaysia.

The Institute is incorporated in Malaysia as a company limited by guarantee and does not have a share capital.

2. BASIS OF PREPARATION

(a) Statement of compliance

The financial statement of the Company have been prepared in accordance with applicable approved Malaysian Financial Reporting Standards (MRFS) issued by the Malaysian Accounting Standards Board (MASB), accounting principles generally accepted in Malaysia and the requirements of the Companies Act, 1965.

(b) Basis of measurement

The financial statements have been prepared on the historical cost basis.

(c) Use of estimates and judgments

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

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2. BASIS OF PREPARATION (CONT'D)

(c) Use of estimates and judgments (cont'd)

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

3. SIGNIFICANT ACCOUNTING POLICIES

3.1 Summary of Significant Accounting Policies

- (a) Plant and equipment is stated at cost less accumulated depreciation and accumulated impairment losses. Cost includes expenditure that is directly attributable to the acquisition of the items. Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Institute and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance costs are charged to the profit or loss during the financial year in which they are incurred.

Plant and equipment is depreciated on a straight-line basis to write down the cost or valuation of each asset to their residual values over their estimated useful lives. The principal annual depreciation rate is 10%.

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, annually.

The carrying amount of an item of plant and equipment is derecognised on disposal or when no future economic benefits are expected from its use or disposal. The difference between the net disposal proceeds, if any, and the carrying amount is recognised in the profit or loss.

(b) Impairment of assets

At each balance sheet date, the Company assesses whether there is any indication that an asset may be impaired. If any such indication exists, the recoverable amounts of the assets are estimated. Irrespective of whether there is any indication of impairment, the Company tests an intangible asset with an indefinite useful life or an intangible asset not yet available for use for impairment annually.

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3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(b) Impairment of assets (cont'd)

When it is not possible to estimate the recoverable amount of an individual asset, the Company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Recoverable amount is the higher of the net selling price and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

If the recoverable amount of an asset (or a cash-generating unit) is less than its carrying amount, an impairment loss is recognised to reduce the carrying amount to its recoverable amount. An impairment loss for a cash-generating unit is firstly allocated to reduce the carrying amount of goodwill allocated to the cash-generating unit, and then, to the other assets of the unit pro rata on the basis of the carrying amount of each asset in the unit.

An impairment loss is recognised immediately in income statement, unless it reverses a previous revaluation, in which case it is treated as a revaluation decrease.

An impairment loss recognised in prior periods for an asset is reversed if there has been a change in the estimate used to determine the asset's recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation if no impairment loss had been recognised, and is recognised immediately in income statement, unless it reverses a previous revaluation, in which case it is treated as a revaluation increase.

(c) Receivables

Receivables are initially measured at anticipated realisable values. Appropriate allowances for estimated irrecoverable amounts are recognised in income statement.

(d) Cash and cash equivalent

Cash and cash equivalents comprise cash and bank balances, short-term deposits and other short-term, highly liquid investments that are readily convertible to a known amount of cash with an insignificant risk of changes in value. For the purpose of the cash flow statement, cash and cash equivalents are presented net of bank overdrafts.

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3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(e) Payables

Payables are stated at cost which is the consideration to be paid in the future for goods and services rendered.

(f) Income recognition

Income from fund raising activities are recognized on the following basis:

(i) to the extent that activities are completed on or before the balance sheet date, any surplus or deficit is recognized in the income statement.

(ii) to the extent that activities take place after the end of the financial year, any income received and expense incurred is recognized in the balance sheet.

Donation income is accounted for when the right to receive donations is established.

(g) Employment benefits

(i) Short-term employment benefits

Short-term employment benefits, such as wages, salaries and social security contributions, are recognised as an expense in the period in which the associated services are rendered by employees of the Company.

Short-term accumulating compensated absences, such as paid annual leave, are recognised when the employees render services that increase their entitlement to future compensated absences. Non-accumulating compensated absences, such as sick and medical leaves, are recognised when the absences occur.

The expected cost of accumulating compensated absences is measured as the additional amount expected to be paid as a result of the unused entitlement that has accumulated at the balance sheet date.

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3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(g) Employment benefits (cont'd)

(i) Short-term employment benefits (cont'd)

Profit-sharing and bonus plans are recognised when the Company has a present legal or constructive obligation to make payments as a result of past events and a reliable estimate of the obligation can be made. A present obligation exists when, and only when the Company has no realistic alternative but to make the payments.

(ii) Defined Contribution Plan

Contributions to the statutory pension scheme are recognised as an expense in income statement in the period to which they relate.

(h) Income Tax

Income tax on the profit or loss for the year comprises current and deferred tax. Current tax is the expected amount of income taxes payable in respect of the taxable profit for the year and is measured using the tax rates that have been enacted at the balance sheet date.

Deferred tax is provided for, using the liability method, on temporary differences at the balance sheet date between the tax bases of assets and liabilities and their carrying amounts in the financial statements. In principle, deferred tax liabilities are recognised for all taxable temporary differences and deferred tax assets are recognised for all deductible temporary differences, unused tax losses and unused tax credits to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, unused tax losses and unused tax credits can be utilised.

Deferred tax is not recognised if the temporary difference arises from goodwill or negative goodwill or from the initial recognition of an asset or liability in a transaction which is not a business combination and at the time of the transaction, affects neither accounting profit nor taxable profit.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(h) Income Tax (cont'd)

Deferred tax is measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, based on tax rates that have been enacted or substantively enacted at the balance sheet date. Deferred tax is recognised in the income statement, except when it arises from a transaction which is recognised directly in equity, in which case the deferred tax is also charged or credited directly in equity, or when it arises from a business combination that is an acquisition, in which case the deferred tax is included in the resulting goodwill or negative goodwill.

(i) Financial instruments

Financial instruments carried in the balance sheet include deposits, cash and bank balances and payables. There are not off balance sheet financial instruments.

Financial risk management objective and policies

Credit risk arises when customers' commitment in respect of fund raising activities are not met.

Its deposits are placed with creditworthy financial institutions. It also seeks to control credit risk by ensuring that the income is derived from the organisation or person with an appropriate credit history.

Fair values

The carrying value of financing assets and liabilities of the Institute at the balance sheet except for investment in quoted shares approximated their fair values.

The fair values for financial assets and liabilities with a maturity of less than one year other than investment in quoted shares are assumed to approximate their face values. The fair value of the investment in quoted shares is disclosed on the face of the balance sheet.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.3 First Time Adoption of Malaysian Financial Reporting Standards (“MFRS”)

These audited financial statements are the Company’s first annual financial statements prepared under the MFRS framework. Accordingly, the Company have applied MFRS 1 – First time Adoption of Malaysian Financial Reporting Standards upon their adoption of the MFRS framework on 1 January 2012. The significant accounting policies adopted in preparing these financial statements are consistent with those of the audited financial statements for the financial year ended 31 December 2012. Hence the transition from FRS to MFRS has not had a material impact on the Company’s income statements, statements of comprehensive income, statements of financial position and statements of cash flows. As there are no adjustments arising from the transition to MFRS, notes to the statement of financial position as at the date of transition (1 January 2011) are not presented.

The estimates as at 1 January 2011 and 31 December 2012 were consistent with those made for the same dates in accordance with FRS. The estimates used by the Company to present these amounts in accordance with MFRS reflect conditions at 1 January 2011, the date of transition to MFRS and as at 31 December 2012.

3.4 Standards and interpretations issued but not yet effective

The standards and interpretations that are issued but not yet effective up to date of issuance of the Company’s financial statements are disclosed below. The Company intend to adopt these standards, if applicable, when they become effective.

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3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.4 Standards and interpretations issued but not yet effective (cont'd)

Description	Effective for Annual Period Beginning on or
MFRS 3 Business Combination (IFRS 3 Business Combination issued by IASB in March 2004)	1 January 2013
MFRS 10 Consolidated Financial Statements	1 January 2013
MFRS 11 Joint Arrangements	1 January 2013
MFRS 12 Disclosure of Interests in Other entities	1 January 2013
MFRS 13 Fair value Measurement	1 January 2013
MFRS 119 Employee Benefits	1 January 2013
MFRS 127 Separate Financial Statements (IAS 27 as amended by IASB in May 2011)	1 January 2013
MFRS 128 Investments in Associated and Joint Ventures	1 January 2013
MFRS 127 Consolidated and Separate Financial Statements (IAS 27 as revised by IASB in December 2003)	1 January 2013
Amendments to MFRS 1:First-time Adoption of Malaysian Financial Reporting Standards – Government Loans	1 January 2013
Amendments to MFRS 1:First-time Adoption of Malaysian Financial Reporting Standards (Annual Improvements 2009-2011 Cycle)	1 January 2013
Amendments to MFRS 7:Disclosures – Offsetting Financial Assets and Financial Liabilities	1 January 2013
Amendments to MFRS 10:Consolidated Financial Statements : Transition Guidance	1 January 2013
Amendments to MFRS 11:Joint Arrangements : Transition Guidance	1 January 2013
Amendments to MFRS 12:Disclosure of Interests in Other Entities : Transition Guidance	1 January 2013
Amendments to MFRS 101:Presentation of Financial Statements (Annual Improvements 2009-2011 Cycle)	1 January 2013
Amendments to MFRS 116:Property, Plant and Equipment (Annual Improvements 2009-2011 Cycle)	1 January 2013
Amendments to MFRS 132:Financial Instruments: Presentation (Annual Improvements 2009-2011 Cycle)	1 January 2013
Amendments to MFRS 134:Interim Financial Reporting (Annual Improvements 2009-2011 Cycle)	1 January 2013
Amendment to IC Interpretation 2 Members’ Shares in Co-operative Entities and Similar Instruments (Annual Improvements 2009-2011 Cycle)	1 January 2013
IC Interpretation 20 Stripping Costs in the Production Phase of a Surface Mine	1 January 2013
Amendments to MFRS 136:Recoverable Amount Disclosures for Non-Financial Assets	1 January 2014
Amendments to MFRS 139:Novation of Derivatives and Continuation of Hedge Accounting	1 January 2014
Amendments to MFRS 132:Offsetting Financial Assets and Financial Liabilities	1 January 2014
Amendment to MFRS 10, MFRS 12, and MFRS 127 : Investments Entities	1 January 2014
IC Interpretation 21: Levies	1 January 2014
MFRS 9 Financial Instruments	1 January 2015

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3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.4 Standards and interpretations issued but not yet effective (cont'd)

The directors expect that the adoption of the above standards and interpretations will have no material impact on the financial statements in the period of initial application except as discussed below:-

MFRS 13 Fair Value Measurement

MFRS 13 establishes a single source of guidance under MFRS for all fair value measurements. MFRS 13 does not change when an entity is required to use fair value, but rather provides guidance on how to measure fair value under MFRS when fair value is required or permitted.

Amendments to MFRS 132 Offsetting Financial Assets and Financial Liabilities

The amendments to MFRS 132 clarified that a legally enforceable right to set off is a right to set off that must not be contingent on a future event; and must be legally enforceable in the normal course of business; the event of default and the event of insolvency or bankruptcy of the entity and all of the counterparties. The amendments further clarified that an entity will meet the net settlements criterion as provided in MFRS 132 if the entity can settle amounts in a manner that the outcome is, in effect, equivalent to net settlement.

Amendments to MFRS 101 : Presentation of Financial Statements (Annual Improvements 2009-2011 Cycle)

The amendments to MFRS 101 change the grouping of items presented in other comprehensive income. Items that could be reclassified (or recycled) to profit or loss at a future point in time (for example, exchange differences on translation of foreign operations and net loss or gain on available-for-sale financial assets) would be presented separately from items which will never be reclassified (for example, actuarial gains and losses on defined benefit plans and revaluation of land and buildings). The amendment affects presentation only and has no impact on the Company financial position and performance.

MFRS 9 Financial Instruments : Classification and Measurement

MFRS 9 reflects the first phase of work on the replacement of MFRS 139 Financial Instruments : Recognition and Measurement and applies to classification and measurement of financial assets and financial liabilities as defined in MFRS 139 Financial Instruments : Recognition and Measurement. The adoption of the first phase of MFRS 9 will have an effect on the classification and measurement of the Company's financial assets. The Company will quantify the effect in conjunction with the other phases, when the final standard including all phases is issued.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.4 Standards and interpretations issued but not yet effective (cont'd)

MFRS 119 Employee Benefits

The most significant change relates to the accounting for changes in defined benefit obligations and plan assets. The amendments require the recognition of changes in defined benefit obligations and in fair value of plan assets when they occur, and hence eliminate the “corridor approach” as permitted under the previous version of MFRS 119 and accelerate the recognition of past service costs. The amendments require all actuarial gains and losses to be recognised immediately through other comprehensive income in order for the net pension asset or liability recognised in the consolidated statement of financial position to reflect the full value of the plan deficit or surplus.

The amendments to MFRS 119 require retrospective application with certain exceptions. The Company is currently assessing the impact that this standard will have on the financial position and performance of the Company.

3.5 Significant Accounting Judgements and Estimates

The preparation of the Institute’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 reporting date. 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.

Key sources of estimation uncertainty

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year

(a) Useful lives of plant and equipment

The cost of plant and equipment is depreciated on a straight-line basis over the asset’s useful lives. Management estimates the useful lives of these plant and equipment to be 5 to 10 years based on the current conditions of the assets in operation after 15 years and proper maintenance schedule, therefore the future depreciation charges could be revised.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.5 Significant Accounting Judgements and Estimates (cont'd)

(b) Impairment of loans and receivables

The Company assesses at each reporting date whether there is any objective evidence that a financial asset is impaired. To determine whether there is objective evidence of impairment, the Company considers factors such as the probability of insolvency or significant financial difficulties of the debtors and default or significant delay in payments.

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.

(c) Impairment of non-financial assets

When the recoverable amount of an asset is determined based on the estimate of the value-in-use of the cash-generating unit to which the asset is allocated, the management is required to make an estimate of the expected future cash flows from the cash generating unit and also apply a suitable discount rate in order to determine the present value of those cash flows.

(d) Fair value estimates for certain financial assets and liabilities

The Company carries certain financial assets and liabilities at fair value, which requires extensive use of accounting estimates and judgement. While significant components of fair value measurement were determined using verifiable objective evidence, the amount of changes in fair value would differ if the Company uses different valuation methodologies. Any changes in fair value of these assets and liabilities would affect profit and/or equity.

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4. PLANTS AND EQUIPMENTS

<u>COST</u>	<u>Furniture and fittings</u> <u>RM</u>	<u>Computer software</u> <u>RM</u>	<u>Office equipment</u> <u>RM</u>	<u>Renovation</u> <u>RM</u>	<u>Total</u> <u>RM</u>
Balance as at 01.1.2013	18,027	11,244	31,456	113,431	174,158
Addition	5,204	7,000	8,614	37,590	58,408
Balance as at 31.12.2013	23,231	18,244	40,070	151,021	232,566
<u>ACCUMULATED DEPRECIATION</u>					
Balance as at 01.1.2013	3,490	4,460	3,770	11,342	23,062
Charge for the year	4,009	7,563	8,885	36,988	57,445
Balance as at 31.12.2013	7,499	12,023	12,655	48,330	80,507
<u>NET BOOK VALUE</u>					
As at 31.12.2013	15,732	6,221	27,415	102,691	152,059
<u>NET BOOK VALUE</u>					
As at 31.12.2012	14,537	6,784	27,686	102,089	151,096
Depreciation for 2012	1,803	2,249	3,146	11,342	18,540

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5. TRADE RECEIVABLES

The Company's normal trade credit term is 30 days. Other credit terms are assessed and approved on a case-by-case basis.

The Company has no significant concentration of credit risk that may arise from exposures to a single debtor or to groups of debtors.

6. OTHER RECEIVABLES

	2013	2012
	<u>RM</u>	<u>RM</u>
Amount due from a related company	10,345	6,645
Deposits	15,400	8,400
Prepayment	-	1,000
	<u>25,745</u>	<u>16,045</u>

7. TRADE PAYABLES

The normal trade credit term granted to the Company is 90 days.

8. OTHER PAYABLES

	2013	2012
	<u>RM</u>	<u>RM</u>
Amount due to a related company	362,675	357,275
Other payable	95,363	10,325
Accruals	11,481	31,603
	<u>469,519</u>	<u>399,203</u>

The amount due to a related company is unsecured, interest free and with no fixed term of repayment.

9. EMPLOYED FUND

	2013	2012
	<u>RM</u>	<u>RM</u>
At beginning	(140,787)	(158,871)
Contribution received during the year	1,738,932	1,245,325
	1,598,145	1,086,454
Expenditure	(1,740,900)	(1,227,241)
As 31 December	<u>(142,755)</u>	<u>(140,787)</u>

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10. DONATIONS

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

	2013	2012
	<u>RM</u>	<u>RM</u>
International Affairs, PhRMA	305,560	90,595
British High Commission, Malaysia	268,753	14,817
Others	163,652	492,453
Yayasan Sime Darby	145,852	50,000
JD Foundation	125,000	180,000
Atlas Economic Research Foundation	117,541	245,254
Friedrich Nauman Foundation For Freedom	105,052	163,511
Network for Free Society	92,979	-
A&A Trust	81,528	-
Open Society Foundation	78,052	-
Pfizer (Malaysia) Sdn Bhd	66,099	-
Suruhanjaya Pilihanraya Malaysia	50,000	-
Tinggi Foundation	50,000	-
The Asia Foundation	49,232	-
	<u>1,699,300</u>	<u>1,236,630</u>

11. COST OF SPECIAL PROJECTS

	2013	2012
	<u>RM</u>	<u>RM</u>
Emerging Market Health Network (EMHN)	282,635	-
GE13 Election Observation	74,336	37,500
	<u>356,971</u>	<u>37,500</u>

12. COST OF EDUCATION UNIT

	2013	2012
	<u>RM</u>	<u>RM</u>
Meals and refreshment	30	-
External Researcher Fee	95,400	-
Participants fee	7,900	-
Traning and seminar	500	-
	<u>103,830</u>	<u>-</u>

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13. COST OF EVENT AND OUTREACH UNIT	2013	2012
	<u>RM</u>	<u>RM</u>
Honorarium	10,500	8,829
Material	500	7,042
Video and photography	1,400	2,200
Website cost	5,000	3,884
Media monitoring	10,750	-
Event management expenses	56,422	216,886
	<u>84,572</u>	<u>238,841</u>

14. COST OF GOVERNANCE UNIT	2013	2012
	<u>RM</u>	<u>RM</u>
Translation	9,300	-
Design and layout	14,200	11,540
Proofreading	3,015	-
Editing	4,900	-
Printing and binding	20,069	-
Material	3,032	-
Backdrop design	1,300	-
	<u>55,816</u>	<u>11,540</u>

15. IDEAS AUTISM CENTRE	2013	2012
	<u>RM</u>	<u>RM</u>
Bank charges	527	-
Kitchen supplies	14,548	-
Material booklet and literature	3,937	9,904
Office supplies	3,953	-
Printing and stationery	4,063	6,050
Postage and courier	63	-
Rental of premises	36,000	24,000
Telephone charges	2,431	-
Security charges	8,000	-
Staff cost	275,382	-
Upkeep of office equipment	9,171	-
Upkeep of premises	250	-
Water and electricity	3,692	-
	<u>362,017</u>	<u>39,954</u>

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16. (DEFICIT) / SURPLUS FOR THE YEAR BEFORE TAXATION

The following items have been charged / (credited) in arriving at (deficit) / surplus for the year before taxation:-

	2013	2012
	<u>RM</u>	<u>RM</u>
Auditors' remuneration	4,200	4,200
Directors' remuneration	208,320	178,952
Depreciation	57,404	18,540
Staff cost	269,511	346,344
Rental of premise	<u>31,100</u>	<u>26,400</u>
Gain on foreign exchange, realised	(572)	-
Interest income	<u>(242)</u>	<u>(1,295)</u>

17. TAXATION

	2013	2012
	<u>RM</u>	<u>RM</u>
Current year taxation	<u>6,764</u>	<u>-</u>

A reconciliation of income tax expense applicable to (deficit) / surplus before taxation at the statutory income tax rate to income tax expense at the effective income tax rate of the Company is as follows:-

	2013	2012
	<u>RM</u>	<u>RM</u>
(Deficit) / Surplus before taxation	<u>(1,968)</u>	<u>18,084</u>
Tax calculated at a tax rate of 25% (2012 : 20%)	(492)	3,617
Expenses not deductible for tax purposes	21,748	(3,617)
Utilisation of unrecognised deferred tax assets	<u>(14,492)</u>	<u>-</u>
	<u>6,764</u>	<u>-</u>