

**FULL GOSPEL BUSINESS MEN'S
FELLOWSHIP BERHAD**

(Incorporated in Malaysia)

Company No: 150803 - A

FINANCIAL REPORT
for the financial year ended 31 December 2018

FULL GOSPEL BUSINESS MEN'S FELLOWSHIP BERHAD

(Incorporated in Malaysia)

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FULL GOSPEL BUSINESS MEN'S FELLOWSHIP BERHAD

(Incorporated in Malaysia)

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DIRECTORS' REPORT

The directors hereby submit their report and the audited financial statements of the Company for the financial year ended 31 December 2018.

PRINCIPAL ACTIVITY

The Company is established as a religious organisation for the advancement of Christianity. There has been no significant change in the nature of this activity during the financial year.

RESULTS

RM

Deficit of income over expenditure

(57,691)

RESERVES AND PROVISIONS

There were no material transfers to or from reserves or provisions during the financial year other than those disclosed in the financial statement.

BAD AND DOUBTFUL DEBTS

Before the financial statements of the Company were made out, the directors took reasonable steps to ascertain that action had been taken in relation to the writing off of bad debts and the making of allowance for impairment losses on receivables, and satisfied themselves that there are no known bad debts and that no allowance for impairment losses on receivables is required.

At the date of this report, the directors are not aware of any circumstances that would require the writing off of bad debts, or the setting up of allowance for impairment losses on receivables in the financial statements of the Company.

CURRENT ASSETS

Before the financial statements of the Company were made out, the directors took reasonable steps to ensure that any current assets, which were unlikely to be realised in the ordinary course of business, including their value as shown in the accounting records of the Company, have been written down to an amount which they might be expected so to realise.

At the date of this report, the directors are not aware of any circumstances which would render the values attributed to the current assets in the financial statements 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 methods of valuation of assets or liabilities of the Company misleading or inappropriate.

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DIRECTORS' REPORT

CONTINGENT AND OTHER LIABILITIES

At the date of this report, there does not exist:-

- (a) any charge on the assets of the Company that has arisen since the end of the financial year which secures the liabilities of any other person; or
- (b) any contingent liability of the Company which has arisen since the end of the financial year.

No contingent or other liability of the Company has become enforceable or is likely to become enforceable within the period of twelve months after the end of the financial year which, in the opinion of the directors, will or may substantially affect the ability of the Company to meet their obligations when they fall due.

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 of the Company which would render any amount stated in the financial statements misleading.

ITEMS OF AN UNUSUAL NATURE

The results of the operations of the Company during the financial year were not, in the opinion of the directors, substantially affected by any item, transaction or event of a material and unusual nature.

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 Company for the financial year in which this report is made.

DIRECTORS

The names of directors of the Company who served during the financial year and up to the date of this report are as follows:-

Wong Hong Meng
Fong Hoong Heng
Ling In Kin

DIRECTORS' BENEFITS

Since the end of the previous financial year, no director has received or become entitled to receive any benefit 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.

DIRECTORS' REMUNERATION

There were no directors' remuneration paid or payable during the financial year.

FULL GOSPEL BUSINESS MEN'S FELLOWSHIP BERHAD

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DIRECTORS' REPORT

AUDITORS

The auditors, Crowe Malaysia PLT (converted from a conventional partnership, Crowe Malaysia which was previously known as Crowe Horwath), have expressed their willingness to continue in office.

The auditors' remuneration are disclosed in Note 15 to the financial statements.

Signed in accordance with a resolution of the directors dated **24 MAY 2019**



Wong Hong Meng



Fong Hoong Heng

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

We, Wong Hong Meng and Fong Hoong Heng, being two of the directors of Full Gospel Business Men's Fellowship Berhad, state that, in the opinion of the directors, the financial statements set out on pages 9 to 39 are drawn up in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia so as to give a true and fair view of the financial position of the Company as of 31 December 2018 and of its financial performance and cash flows for the financial year ended on that date.

Signed in accordance with a resolution of the directors dated **24 MAY 2019**



Wong Hong Meng



Fong Hoong Heng

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

I, Wong Hong Meng, being the director primarily responsible for the financial management of Full Gospel Business Men's Fellowship Berhad, do solemnly and sincerely declare that the financial statements set out on pages 9 to 39 are, to the best of my knowledge and belief, correct and I make this solemn declaration conscientiously believing the declaration to be true, and by virtue of the Statutory Declarations Act 1960.

Subscribed and solemnly declared by the abovementioned
Wong Hong Meng, NRIC Number: 461008-07-5421
at Kuala Lumpur
in the Federal Territory
on this

24 MAY 2019



Wong Hong Meng

Before me

SUITE C-5-9
BLOK C LEVEL 7,
MENARA UNCANG EMAS,
85, JALAN LOKE YEW,
55200 KUALA LUMPUR
TEL: 012-300 8300

**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF
FULL GOSPEL BUSINESS MEN'S FELLOWSHIP BERHAD**

(Incorporated in Malaysia)

Company No: 150803 - A

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS**Opinion**

We have audited the financial statements of Full Gospel Business Men's Fellowship Berhad, which comprise the statement of financial position as at 31 December 2018, and the statement of income and expenditure and statement of cash flows for the financial year then ended, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages 9 to 39.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Company as at 31 December 2018, and of its financial performance and its cash flows for the financial year then ended in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia.

Basis for Opinion

We conducted our audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing. Our responsibilities under 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.

**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF
FULL GOSPEL BUSINESS MEN'S FELLOWSHIP BERHAD (CONT'D)**
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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 Directors Report, 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 Directors Report and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements of the Company, our responsibility is to read the Director Report and, in doing so, consider whether the other information is materially inconsistent with the financial statements of the Company or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Directors for the Financial Statements

The directors of the 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 Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia. The directors are also responsible for such internal control as the directors determine is necessary to enable the preparation of financial statements of the 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.

**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF
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Auditors' Responsibilities for the Audit of the Financial Statements (Cont'd)

As a 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 scepticism 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 control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the 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 of the Company 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.

**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF
FULL GOSPEL BUSINESS MEN'S FELLOWSHIP BERHAD (CONT'D)**

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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.



Crowe Malaysia PLT
LLP0018817-LCA & AF 1018
Chartered Accountants

Kuala Lumpur

24 May 2019



Ung Voon Huay
03233/09/2020 J
Chartered Accountant

FULL GOSPEL BUSINESS MEN'S FELLOWSHIP BERHAD

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STATEMENT OF FINANCIAL POSITION AT 31 DECEMBER 2018

	Note	2018 RM	2017 RM
ASSETS			
NON-CURRENT ASSETS			
Property and equipment	5	375,701	383,747
Other investment	6	1	1
		<u>375,702</u>	<u>383,748</u>
CURRENT ASSETS			
Inventories	7	3,905	4,835
Deposits		41,235	6,235
Current tax assets		1,585	1,170
Fixed deposits with a licensed bank	8	160,000	333,062
Cash and bank balances		279,678	187,523
		<u>486,403</u>	<u>532,825</u>
TOTAL ASSETS		<u>862,105</u>	<u>916,573</u>
ACCUMULATED FUNDS AND LIABILITY			
ACCUMULATED FUNDS			
Building fund	9	584,210	584,210
(Deficit)/Surplus of income over expenditure		(8,768)	48,923
		<u>575,442</u>	<u>633,133</u>
CURRENT LIABILITIES			
Other payables and accruals	11	208,763	199,010
Contract liabilities	12	77,900	-
Deferred income	13	-	84,430
		<u>286,663</u>	<u>283,440</u>
TOTAL LIABILITIES		<u>286,663</u>	<u>283,440</u>
TOTAL ACCUMULATED FUNDS AND LIABILITY		<u>862,105</u>	<u>916,573</u>

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STATEMENT OF INCOME AND EXPENDITURE FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

	Note	2018 RM	2017 RM
REVENUE	14	388,179	325,250
COST OF SALES		(930)	(504)
GROSS PROFIT		387,249	324,746
OTHER INCOME		8,177	6,553
ADMINISTRATIVE EXPENSES		(441,191)	(403,944)
OTHER EXPENSES		(11,926)	(12,479)
DEFICIT OF INCOME OVER EXPENDITURE	15	(57,691)	(85,124)
ACCUMULATED FUNDS BROUGHT FORWARD		633,133	718,257
ACCUMULATED FUNDS CARRIED FORWARD		575,442	633,133

FULL GOSPEL BUSINESS MEN'S FELLOWSHIP BERHAD

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**STATEMENT OF CASH FLOWS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018**

	Note	2018 RM	2017 RM
CASH FLOWS FOR OPERATING ACTIVITIES			
Deficit of income over expenditure		(57,691)	(85,124)
Adjustments for:-			
Depreciation of property and equipment		11,924	12,473
Property and equipment written off		2	6
Interest income		(8,177)	(6,553)
Operating loss before working capital changes		(53,942)	(79,198)
Decrease in inventories		930	504
Increase in deposits		(35,000)	(900)
Increase in other payables and accruals		9,753	15,783
Decrease in contract liabilities		(6,530)	-
Increase in deferred income		-	550
CASH FOR OPERATIONS		(84,789)	(63,261)
Income tax paid		(415)	(1,170)
NET CASH FOR OPERATING ACTIVITIES		(85,204)	(64,431)
CASH FLOWS FROM INVESTING ACTIVITIES			
Interest received		8,177	6,553
Purchase of property and equipment		(3,880)	(299)
NET CASH FROM INVESTING ACTIVITIES		4,297	6,254
NET DECREASE IN CASH AND CASH EQUIVALENTS		(80,907)	(58,177)
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE FINANCIAL YEAR		520,585	578,762
CASH AND CASH EQUIVALENTS AT END OF THE FINANCIAL YEAR	16	439,678	520,585

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NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

1. GENERAL INFORMATION

The Company is private limited liability company, incorporated and domiciled in Malaysia. The registered office and principal place of business are as follows:-

Registered office : 127B, Jalan SS21/37,
Damansara Utama,
47400 Petaling Jaya,
Selangor Darul Ehsan.

Principal place of business : 3A-12, Block A, Kelana Square,
No. 17, Jalan SS7/26,
47301 Petaling Jaya,
Selangor Darul Ehsan.

The financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the directors dated 24 May 2019.

2. PRINCIPAL ACTIVITY

The Company is established as a religious organisation for the advancement of Christianity. There has been no significant change in the nature of this activity during the financial year.

3. BASIS OF PREPARATION

The financial statements of the Company are prepared under the historical cost convention and modified to include other bases of valuation as disclosed in other sections under significant accounting policies, and in compliance with Malaysian Financial Reporting Standards ("MFRSs"), International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia.

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NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

3. BASIC OF PREPARATION (CONT'D)

- 3.1 During the current financial year, the Company has adopted the following new accounting standards and/or interpretations (including the consequential amendments, if any):-

MFRSs and/or IC Interpretations (Including The Consequential Amendments)

MFRS 9 Financial Instruments (IFRS 9 as issued by IASB in July 2014)

MFRS 15 Revenue from Contracts with Customers

IC Interpretation 22 Foreign Currency Transactions and Advance Consideration

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

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

Amendments to MFRS 15: Effective Date of MFRS 15

Amendments to MFRS 15: Clarifications to MFRS 15 'Revenue from Contracts with Customers'

Amendments to MFRS 140 – Transfers of Investment Property

Annual Improvements to MFRS Standards 2014 – 2016 Cycles

- Amendments to MFRS 1: Deletion of Short-term Exemptions for First-time Adopters
- Amendments to MFRS 128: Measuring an Associate or Joint Venture at Fair Value

The adoption of the above accounting standards and/or interpretations (including the consequential amendments, if any) did not have any material impact on the Company's financial statements.

MFRS 9 introduces a new classification and measurement requirements for financial assets that reflects the business model in which the financial assets are managed their cash flow characteristics. MFRS 9 contains 3 principal classification categories for financial assets i.e. measured at amortised cost, fair value through profit or loss, fair value through other comprehensive income and eliminates the previous categories of held to maturity, loans and receivables and available-for-sale financial assets. In addition, MFRS 9 replaces the 'incurred loss' model in MFRS 139 with an 'expected credit loss' model. This new impairment approach is forward-looking and eliminates the need for a trigger event to have occurred before credit losses are recognised.

MFRS 15 require an entity to recognise revenue to depict the transfer of promised goods or services to customers for 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 service, i.e. when the customer has the ability to direct the use of and obtain the benefits from the goods or services.

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NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

3. BASIC OF PREPARATION (CONT'D)

- 3.2 The Company has not applied in advance the following accounting standards and/or interpretations (including the consequential amendments, if any) that have been issued by the Malaysian Accounting Standards Board (MASB) but are not yet effective for the current financial year :-

MFRSs and/or IC Interpretations (Including The Consequential Amendments)	Effective Date
MFRS 16 Leases	1 January 2019
MFRS 17 Insurance Contracts	1 January 2021
IC Interpretation 23 Uncertainty Over Income Tax Treatments	1 January 2019
Amendments to MFRS 3: Definition of a Business	1 January 2020
Amendments to MFRS 9: Prepayment Features with Negative Compensation	1 January 2019
Amendments to MFRS 10 and MFRS 128: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	Deferred
Amendments to MFRS 101 and MFRS 108: Definition of Material	1 January 2020
Amendments to MFRS 119: Plan Amendment, Curtailment or Settlement	1 January 2019
Amendments to MFRS 128: Long-term Interests in Associates and Joint Ventures	1 January 2019
Amendments to References to the Conceptual Framework in MFRS Standards	1 January 2020
Annual Improvements to MFRS Standards 2015 – 2017 Cycles	1 January 2019

The adoption of the above accounting standard and /or interpretation (including the consequential amendments, if any) is expected to have no material impact on the financial of the Company upon its initial application.

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NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

4. SIGNIFICANT ACCOUNTING POLICIES

4.1 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

Key Sources of Estimation Uncertainty

Management believes that there are no key assumptions made 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 other than as disclosed below:-

(a) Depreciation of Property and Equipment

The estimates for the residual values, useful lives and related depreciation charges for the property and equipment is based on commercial factors which could change significantly as a result of technical innovations and competitors' actions in response to the market conditions. The Company anticipates that the residual values of its property and equipment will be insignificant. As a result, residual values are not being taken into consideration for the computation of the depreciable amount. Changes in the expected level of usage and technological development could impact the economic useful lives and the residual values of these assets, therefore future depreciation charges could be revised. The carrying amount of property and equipment as at the reporting date is disclosed in Note 5 to the financial statements.

(b) Impairment of Property and Equipment

The Company determines whether its property and equipment is impaired by evaluating the extent to which the recoverable amount of the asset is less than its carrying amount. This evaluation is subject to changes such as market performance, economic and political situation of the country. A variety of methods is used to determine the recoverable amount, such as valuation reports and discounted cash flows. For discounted cash flows, significant judgement is required in the estimation of the present value of future cash flows generated by the assets, which involve uncertainties and are significantly affected by assumptions used and judgements made regarding estimates of future cash flows and discount rates. The carrying amount of property and equipment as at the reporting date is disclosed in Note 5 to the financial statements.

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NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.1 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (CONT'D)

(c) Fair Value Estimates for Unquoted Financial Assets and Financial Liabilities

The Company carries certain financial assets financial liabilities that are not traded in an active market at fair value. The Company uses its judgement to select a variety of methods and make assumptions that are mainly based on market conditions existing at the end of each reporting period. The amount of fair value changes would differ if the Company uses different valuation methodologies and assumptions, and eventually affect profit and/or other comprehensive income. The carrying amount of these financial assets as at the reporting date is disclosed in Notes 6 to the financial statements.

(d) Write-down of Inventories

Reviews are made periodically by management on damaged, obsolete and slow-moving inventories. These reviews require judgement and estimates. Possible changes in these estimates could result in revisions to the valuation of inventories. The carrying amount of inventories as at the reporting date is disclosed in Note 7 to the financial statements

(e) Income Taxes

There are certain transactions and computations for which the ultimate tax determination may be different from the initial estimate. The Company recognises tax liabilities based on its understanding of the prevailing tax laws and estimates of whether such taxes will be due in the ordinary courses of business. Where the final outcome of these matters is different from the amounts that were initially recognised, such difference will impact the income tax expense and deferred tax balances in the period in which such determination is made. The carrying amount of current tax assets as at the reporting date is RM1,585 (2017 - RM1,170).

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NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.2 FUNCTIONAL AND PRESENTATION CURRENCY

The financial statements in the Company are presented in the currency of the primary economic environment in which the Company operates, which is the functional currency.

The financial statements of the Company are presented in Ringgit Malaysia ("RM") which is the functional and presentation currency.

4.3 FINANCIAL INSTRUMENTS

Financial assets and financial liabilities are recognised in the statement of financial position when the Company has become a party to the contractual provisions of the instruments.

Financial instruments are classified as financial assets, financial liabilities or equity instruments in accordance with the substance of the contractual arrangement and their definition in MFRS 132. Interest, dividends, gains and losses relating to a financial instrument classified as a liability, are reported as an expense or income. Distributions to holders of financial instruments classified as equity are charged directly to equity.

Financial instruments are offset when the Company has a legally enforceable right to offset and intends to settle either on a net basis or to realise the asset and settle the liability simultaneously.

A financial instrument is recognised initially at its fair value (other than trade receivables without significant financing component which are measured at transaction price as defined in MFRS 15 – Revenue from Contracts with Customers at inception). Transaction costs that are directly attributable to the acquisition or issue of the financial instrument (other than a financial instrument at fair value through profit or loss) are added to/deducted from the fair value on initial recognition, as appropriate. Transaction cost on the financial instrument at fair value through profit or loss are recognised immediately in profit or loss.

Financial instruments recognised in the statement of financial position are disclosed in the individual policy statement associated with each item.

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NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.3 FINANCIAL INSTRUMENTS (CONT'D)

(a) Financial Assets

All recognised financial assets are measured subsequently in their entirety at either amortised cost or fair value through profit or loss, or other comprehensive income, depending on the classification of the financial assets.

Debt Instruments

(i) Amortised Cost

The financial asset is held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest. Interest income is recognised by applying the effective interest rate to the gross carrying amount of the financial asset. When the asset has subsequently become credit-impaired, the interest income is recognised by applying the effective interest rate to the amortised cost of the financial asset.

The effective interest method is a method of calculating the amortised cost of a financial asset and of allocating interest income over the relevant period. The effective interest rate is the rate that discounts estimated future cash receipts (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts), excluding expected credit losses, through the expected life of the financial asset or a shorter period (where appropriate).

(ii) Fair Value through Other Comprehensive Income

The financial asset is held for both collecting contractual cash flows and selling the financial asset, where the asset's cash flows represent solely payments of principal and interest. Movements in the carrying amount are taken through other comprehensive income and accumulated in the fair value reserve, except for the recognition of impairment, interest income and foreign exchange difference which are recognised directly in profit or loss. Interest income is calculated using the effective interest rate method.

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NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.3 FINANCIAL INSTRUMENTS (CONT'D)

(a) Financial Assets (Cont'd)

(iii) Fair Value through Profit or Loss

All other financial assets that do not meet the criteria for amortised cost or fair value through other comprehensive income are measured at fair value through profit or loss.

Equity Instruments

All equity investments are subsequently measured at fair value with gains and losses recognised in profit or loss except where the Company has elected to present the subsequent changes in fair value in other comprehensive income and accumulated in the fair value reserve at initial recognition.

The designation at fair value through other comprehensive income is not permitted if the equity investment is either held for trading or is designated to eliminate or significantly reduce a measurement or recognition inconsistency that would otherwise arise.

Dividend income from this category of financial assets is recognised in profit or loss when the Company's right to receive payment is established unless the dividends clearly represent a recovery of part of the cost of the equity investments.

(b) Financial Liabilities

(i) Financial Liabilities at Fair Value through Profit or Loss

Fair value through profit or loss category comprises financial liabilities that are either held for trading or are designated to eliminate or significantly reduce a measurement or recognition inconsistency that would otherwise arise. The changes in fair value of these financial liabilities are recognised in profit or loss.

(ii) Other Financial Liabilities

Other financial liabilities are subsequently measured at amortised cost using the effective interest method.

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts), through the expected life of the financial liability, or a shorter period (where appropriate).

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NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.3 FINANCIAL INSTRUMENTS (CONT'D)

(c) Equity Instruments

Equity instruments classified as equity are measured initially at cost and are not remeasured subsequently.

Ordinary shares are classified as equity and recorded at the proceeds received, net of directly attributable transaction costs.

Dividends on ordinary shares are recognised as liabilities when approved for appropriation.

(d) 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 when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. On derecognition of a financial asset measured at amortised cost, the difference between the carrying amount of the asset and the sum of the consideration received and receivable is recognised in profit or loss. In addition, on derecognition of a debt instrument classified as fair value through other comprehensive income, the cumulative gain or loss previously accumulated in the fair value reserve is reclassified from equity to profit or loss. In contrast, there is no subsequent reclassification of the fair value reserve to profit or loss following the derecognition of an equity investment.

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

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4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.3 FINANCIAL INSTRUMENTS (CONT'D)

Accounting Policies Applied Until 31 December 2017

As disclosed in Note 19 to the financial statements, the Company has applied MFRS 9 retrospectively but has elected not to restate comparative information of its financial instruments. As a result, the comparative information of the Company's financial assets continues to be accounted for in accordance with its previous accounting policies as summarised below:-

- Financial assets were designated at fair value through profit or loss when the financial asset was either held for trading or was designated to eliminate or significantly reduce a measurement or recognition inconsistency that would otherwise arise. Derivatives were also classified as held for trading unless they were designated as hedges. Financial assets at fair value through profit or loss were stated at fair value at each reporting date with any gain or loss arising on remeasurement recognised in profit or loss.
- Non-derivative financial assets with fixed or determinable payments and fixed maturities that the management had the positive intention and ability to hold to maturity were classified as held-to-maturity. The held-to-maturity investments were measured at amortised cost using the effective interest method less any impairment loss, with interest income recognised in profit or loss on an effective yield basis.
- Unquoted trade receivables and other receivables with fixed or determinable payments were classified as loans and receivables financial assets, measured at amortised cost using the effective interest method, less any impairment loss. Interest income was recognised by applying the effective interest rate, except for short-term receivables when the recognition of interest would be immaterial.
- Available-for-sale financial assets were non-derivative financial assets not classified in any of the other categories. After initial recognition, available-for-sale financial assets were remeasured to fair value at each reporting date with any gain and loss recognised in other comprehensive income and accumulated in the fair value reserve, with the exception of impairment losses. On derecognition, the cumulative gain or loss previously accumulated in the fair value reserve was reclassified from equity into profit or loss. Investments in equity instruments whose fair value cannot be reliably measured were measured at cost less accumulated impairment losses, if any.

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4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.4 PROPERTY AND EQUIPMENT

All items of property and equipment are initially measured at cost. Cost includes expenditure that are directly attributable to the acquisition of the asset and other costs directly attributable to bringing the asset to working condition for its intended use.

Subsequent to initial recognition, all property and equipment are stated at cost less accumulated depreciation and impairment losses.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when the cost is incurred and it is probable that the future economic benefits associated with the asset will flow to the Company and the cost of the asset can be measured reliably. The carrying amount of parts that are replaced is derecognised. The costs of the day-to-day servicing of property and equipment are recognised in profit or loss as incurred.

Depreciation on property and equipment is charged to profit or loss (unless it is included in the carrying amount of another asset) on the straight-line method to write off the depreciable amount of the assets over their estimated useful lives. Depreciation of an asset does not cease when the asset becomes idle or is retired from active use unless the asset is fully depreciated. The principal annual rates used for this purpose are:-

Building	2%
Office equipment	50%
Computer and software	50%
Renovation	50%
Furniture and fittings	50%

The depreciation method, useful lives and residual values are reviewed, and adjusted if appropriate, at the end of each reporting period to ensure that the amounts, method and periods of depreciation are consistent with previous estimates and the expected pattern of consumption of the future economic benefits embodied in the items of the property and equipment. Any changes are accounted for as a change in estimate.

When significant parts of an item of property and equipment have different useful lives, they are accounted for as separate items (major components) of property and equipment.

An item of property and equipment is derecognised upon disposal or when no future economic benefits are expected from its use. Any gain or loss arising from derecognition of the asset, being the difference between the net disposal proceeds and the carrying amount, is recognised in profit or loss.

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4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.5 INVENTORIES

Inventories are stated at the lower of cost and net realisable value. Cost is determined on the first-in-first-out basis, and comprises the purchase price and incidentals incurred in bringing the inventories to their present location and condition.

Net realisable value represents the estimated selling price less the estimated costs of completion and the estimated costs necessary to make the sale.

4.6 CONTRACT ASSET AND CONTRACT LIABILITY

A contract asset is recognised when the Company's right to consideration is conditional on something other than the passage of time. A contract asset is subject to impairment requirements of MFRS 9 - Financial Instruments.

A contract liability is stated at cost and represents the obligation of the Company to transfer goods or services to a customer for which consideration has been received (or the amount is due) from the customers.

4.7 IMPAIRMENT

(a) Impairment of Financial Assets

The Company recognises a loss allowance for expected credit losses on investments in debt instruments that are measured at amortised cost.

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4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.7 IMPAIRMENT (CONT'D)

(a) Impairment of Financial Assets (Cont'd)

The expected credit loss is estimated as the difference between all contractual cash flows that are due to the Company in accordance with the contract and all the cash flows that the Company expects to receive, discounted at the original effective interest rate.

The amount of expected credit losses is updated at each reporting date to reflect changes in credit risk since initial recognition of the respective financial instrument. The Company always recognises lifetime expected credit losses for trade receivables using the simplified approach. The expected credit losses on these financial assets are estimated using a provision matrix based on the Company's historical credit loss experience and are adjusted for forward-looking information (including time value of money where appropriate).

For all other financial instruments, the Company recognises lifetime expected credit losses when there has been a significant increase in credit risk since initial recognition. However, if the credit risk on the financial instrument has not increased significantly since initial recognition, the Company measures the loss allowance for that financial instrument at an amount equal to 12 month expected credit losses.

The Company recognises an impairment gain or loss in profit or loss for all financial instruments with a corresponding adjustment to their carrying amount through a loss allowance account, except for investments in debt instruments that are measured at fair value through other comprehensive income, for which the loss allowance is recognised in other comprehensive income and accumulated in the fair value reserve, and does not reduce the carrying amount of the financial asset in the statement of financial position.

Accounting Policy Applied Until 31 December 2017

As disclosed in Note 19 to the financial statements, the Company has applied MFRS 9 retrospectively but has elected not to restate comparative information of its financial instruments. As a result, the comparative information on the impairment of Company's financial assets has been accounted for in accordance with its previous accounting policy as summarised below:-

The Company assessed at the end of each reporting period whether there was objective evidence that a financial asset (or group of financial assets) was impaired. Impairment losses were incurred only if there was objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset and that event(s) had an impact on the estimated future cash flows of the financial asset (or group of financial assets) that could be reliably estimated. In the case of equity investments classified as available-for-sale, a significant or prolonged decline in the fair value of the security below its cost was considered an indicator that the assets are impaired.

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4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.7 IMPAIRMENT (CONT'D)

b) Impairment of Non-financial Assets Cont'd)

The carrying values of assets, other than those to which MFRS 136 - Impairment of Assets does not apply, are reviewed at the end of each reporting period for impairment when there is an indication that the assets might be impaired. Impairment is measured by comparing the carrying values of the assets with their recoverable amounts. When the carrying amount of an asset exceeds its recoverable amount, the asset is written down to its recoverable amount and an impairment loss shall be recognised. The recoverable amount of an asset is the higher of the asset's fair value less costs to sell and its value-in-use, which is measured by reference to discounted future cash flows using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. Where 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.

An impairment loss is recognised in profit or loss.

When there is a change in the estimates used to determine the recoverable amount, a subsequent increase in the recoverable amount of an asset is treated as a reversal of the previous impairment loss and is recognised to the extent of the carrying amount of the asset that would have been determined (net of amortisation and depreciation) had no impairment loss been recognised. The reversal is recognised in profit or loss immediately.

4.8 CASH AND CASH EQUIVALENT

Cash and cash equivalents comprise cash in hand, bank balances, demand deposits, and short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value with original maturity periods of three months or less.

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4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.9 EMPLOYEE BENEFITS

(a) Short-term Benefits

Wages, salaries, paid annual leave and sick leave, bonuses and non-monetary benefits are measured on an undiscounted basis and are recognised in profit or loss in the period in which the associated services are rendered by employees of the Company.

(b) Defined Contribution Plans

The Company's contributions to defined contribution plans are recognised in the in profit and loss in the period to which they relate. Once the contributions have been paid, the Company has no further liability in respect of the defined contribution plans.

4.10 INCOME TAXES

(a) Current Tax

Current tax assets and liabilities are expected amount of income tax recoverable or payable to the tax authorities.

Current taxes are measured using tax rates and tax laws that have been enacted or substantively enacted at the end of the reporting period and are recognised in profit or loss except to the extent that the tax relates to items recognised outside profit or loss (either in other comprehensive income or directly in equity).

(b) Deferred Tax

Deferred tax are recognised using the liability method for temporary differences other than those that arise 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.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period when the asset is realised or the liability is settled, based on the tax rates that have been enacted or substantively enacted at the end of the reporting period.

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 future taxable profits will be available against which the deductible temporary differences, unused tax losses and unused tax credits can be utilised. The carrying amounts of deferred tax assets are reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that the related tax benefits will be realised.

Current and deferred tax items are recognised in correlation to the underlying transactions either in profit or loss, other comprehensive income or directly in equity.

Current tax assets and liabilities or deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when the deferred taxes relate to the same taxable entity (or on different tax entities but they intend to settle current tax assets and liabilities on a net basis) and the same taxation authority.

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4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.11 REVENUE FROM CONTRACT WITH CUSTOMERS

Revenue from contracts with customers is measured based on consideration specified in a contract with a customer in exchange for transferring goods or services to a customer net of sales and service tax, returns, rebates and discounts. The Company recognises revenue when (or as) it transfers control over a product or service to customer. An asset is transferred when (or as) the customer obtains control of the asset. Depending on the substance of the contract, revenue is recognised when the performance obligation is satisfied, which may be at a point in time or over time.

(a) Donations

Donations membership fees are accounted for on a receipt basis.

(b) Membership fees

Revenue from membership fee is recognised over the membership period.

(a) Sale of Goods

Revenue from sale of goods is recognised when the Company has transferred control of the goods to the customer, being when the goods have been delivered to the customer and upon its acceptance. Following delivery, the customer has full discretion over the manner of distribution and price to sell the goods, and bears the risks of obsolescence and loss in relation to the goods.

4.12 REVENUE FROM OTHER SOURCES AND OTHER OPERATING INCOME

Interest income is recognised on an accrual basis using the effective interest method.

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4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.13 FAIR VALUE MEASUREMENTS

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using a valuation technique. The measurement assumes that the transaction takes place either in the principal market or in the absence of a principal market, in the most advantageous market. For non-financial asset, the fair value measurement takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

For financial reporting purposes, the fair value measurements are analysed into level 1 to level 3 as follows:-

Level 1: Inputs are quoted prices (unadjusted) in active markets for identical assets or liability that the entity can access at the measurement date;

Level 2: Inputs are inputs, other than quoted prices included within level 1, that are observable for the asset or liability, either directly or indirectly; and

Level 3: Inputs are unobservable inputs for the asset or liability.

The transfer of fair value between levels is determined as of the date of the event or change in circumstances that caused the transfer.

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5. PROPERTY AND EQUIPMENT

	At 1.1.2018 RM	Addition RM	Written Off RM	Depreciation Charges RM	At 31.12.2018 RM
2018					
<i>Carrying Amount</i>					
Building	383,581	-	-	(9,835)	373,746
Office equipment	156	3,880	(2)	(2,089)	1,945
Computer and software	6	-	-	-	6
Renovation	1	-	-	-	1
Furniture and fittings	3	-	-	-	3
	383,747	3,880	(2)	(11,924)	375,701

	At 1.1.2017 RM	Addition RM	Written Off RM	Depreciation Charges RM	At 31.12.2017 RM
2017					
<i>Carrying Amount</i>					
Building	393,417	-	-	(9,836)	383,581
Office equipment	9	299	(2)	(150)	156
Computer and software	2,497	-	(4)	(2,487)	6
Renovation	1	-	-	-	1
Furniture and fittings	3	-	-	-	3
	395,927	299	(6)	(12,473)	383,747

	At Cost RM	Accumulated Depreciation RM	Carrying Amount RM
2018			
Building	491,770	(118,024)	373,746
Office equipment	44,584	(42,639)	1,945
Computer and software	10,026	(10,020)	6
Renovation	79,001	(79,010)	1
Furniture and fittings	30,186	(30,183)	3
	655,577	(279,876)	375,701

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5. PROPERTY AND EQUIPMENT (CONT'D)

	At Cost RM	Accumulated Depreciation RM	Carrying Amount RM
2017			
Building	491,770	(108,189)	383,581
Office equipment	45,004	(44,848)	156
Computer and software	10,226	(10,220)	6
Renovation	79,011	(79,010)	1
Furniture and fittings	30,186	(30,183)	3
	<u>656,197</u>	<u>(272,450)</u>	<u>383,747</u>

6. OTHER INVESTMENT

	2018 RM	2017 RM
Unquoted shares, at cost	50,000	50,000
Accumulated impairment loss	(49,999)	(49,999)
	<u>1</u>	<u>1</u>

Equity Investment at Fair Value Through Other Comprehensive Income

At 1 January 2018, the Company designated its investment in unquoted shares to be measured at fair value through other comprehensive income because the Company intends to hold long-term strategic purposes. In the last financial year, these investment was classified as available-for-sale financial assets and measured at cost.

The fair value of each investment is summarised below:-

	2018 RM
Unquoted shares of Rhema Ventures Pte. Ltd.	<u>1</u>

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7. INVENTORIES

	2018 RM	2017 RM
Finished goods	3,905	4,835

The amount of inventories recognised as an expense in cost of sales is RM930 (2017 - RM504).

8. FIXED DEPOSITS WITH A LICENSED BANK

The fixed deposits with a licensed bank of the Company at the end of the reporting period bore effective interest rate of 3.10% (2017 - 2.95%) per annum. The fixed deposits have a maturity period of 1 month (2017 - 1 month).

9. BUILDING FUND

The building fund represents contributions collected from members of the Fellowship to finance the purchase of an office unit for the National Office. The building fund is not distributable to the members of the Company in any form.

10. TOTAL ACCUMULATED FUNDS

The accumulated funds are prohibited from distribution in any form by the Memorandum and Articles of the Company.

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11. OTHER PAYABLES AND ACCRUALS

	2018 RM	2017 RM
Other payables	205,763	196,010
Accruals	3,000	3,000
	<u>208,763</u>	<u>199,010</u>

12. CONTRACT LIABILITIES

	2018 RM	2017 RM
Contract liabilities relating to donation received from donors	<u>77,900</u>	<u>-</u>

Contract liabilities primarily relate to advance considerations received from few donors of which the revenue will be recognised over the remaining contract term of the specific contract it relates to, ranging within 1 to 3 months.

The contract liabilities were presented as deferred income (Note 13) in the last financial year.

13. DEFERRED INCOME

	2018 RM	2017 RM
Deferred income refers to donation received from donors	<u>-</u>	<u>84,430</u>

14. REVENUE

	2018 RM	2017 RM
<u>Revenue recognised over time</u>		
Membership fee	104,890	71,100
<u>Revenue recognised at a point of time</u>		
Donation	276,851	248,099
Sales of goods	6,438	6,051
	<u>388,179</u>	<u>325,250</u>

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15. DEFICIT OF INCOME OVER EXPENDITURE

Deficit of income over expenditure is arrived at after charging/(crediting):-

	2018 RM	2017 RM
Audit fee	3,000	3,000
Depreciation of property and equipment	11,924	12,473
Equipment written off	2	6
Employee benefit expenses:		
- salaries, allowances and bonus	207,462	148,200
- defined contribution plan	25,438	19,036
- other benefits	2,676	1,574
Interest income	(8,177)	(6,553)
	<u> </u>	<u> </u>

16. CASH FLOW INFORMATION

The cash and cash equivalents comprise the following:-

	2018 RM	2017 RM
Fixed deposits with a licensed bank	160,000	333,062
Cash and bank balances	279,678	187,523
	<u> </u>	<u> </u>
	439,678	520,585

17. INCOME TAX EXPENSE

The Company is exempted from tax on its income under Paragraph 13 of Schedule 6 of the Income Tax Act 1967.

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18. FINANCIAL INSTRUMENTS

The Company's activities are exposed to a variety of market risk (including foreign currency risk, interest rate risk and equity price risk), credit risk and liquidity risk. The Company's overall financial risk management policy focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Company's financial performance.

18.1 FINANCIAL RISK MANAGEMENT POLICIES

The Company's policies in respect of the major areas of treasury activity are as follows:-

(a) Market Risk

(i) Foreign Currency Risk

The Company does not have any transactions or balances denominated in foreign currencies and hence, is not exposed to foreign currency risk.

(ii) Interest Rate Risk

The Company does not have any interest-bearing borrowings and hence, is not exposed to interest rate risk.

(iii) Equity Price Risk

The Company does not have any quoted investments and hence, is not exposed to equity price risk.

(b) Credit Risk

The Company does not have any significant exposure to credit risk or the risk of counterparties defaulting at the end of reporting period. For financial assets (including cash and bank balances), the Company minimises credit risk by dealing exclusively with high credit rating counterparties.

(i) Credit Risk Concentration Profile

The Company does not have any major concentration of credit risk related to any individual customer or counterparty.

(ii) Exposure to Credit Risk

At the end of the reporting period, the maximum exposure to credit risk is represented by the carrying amount of each class of financial assets recognised in the statement of financial position of the Company after deducting any allowance for impairment losses (where applicable).

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18. FINANCIAL INSTRUMENTS (CONT'D)

18.1 FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)

(c) Credit Risk (Cont'd)

(iii) Assessment of Impairment Losses

At each reporting date, the Company assesses whether any of the financial assets at amortised cost are credit impaired.

Fixed deposits with a Licensed Bank, Cash and Bank Balances

The Company considers the bank has low credit risk. Therefore, the Company is of the view that the loss allowance is immaterial and hence, it is not provided for.

(d) Liquidity Risk

Liquidity risk arises mainly from general funding and business activities. The Company practises prudent risk management by maintaining sufficient cash balances to meet its working capital requirements.

Maturity Analysis

The following table sets out the maturity profile of the financial liabilities as at the end of the reporting period based on contractual undiscounted cash flows (including interest payment computed based on the rate at the end of the reporting period):-

	Weighted Average Effective Interest Rate %	Carrying Amount RM	Contractual Undiscounted Cash Flows RM	Within 1 Year RM
2018				
Other payables and accruals	-	208,763	208,763	208,763
2017				
Other payables and accruals	-	199,010	199,010	199,010

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18. FINANCIAL INSTRUMENTS (CONT'D)

18.2 CAPITAL RISK MANAGEMENT

The Company manages its capital by maintaining an optimal capital structure so as to support its businesses. To achieve this objective, the Company may make adjustments to the capital structure in view of changes in economic conditions, such as adjusting returning of capital to members.

The Company manages its capital based on debt-to-equity ratio. As the Company has no borrowings, the debt-to-equity ratio may not provide a meaningful indicator of the risk of borrowings.

18.3 CLASSIFICATION OF FINANCIAL INSTRUMENTS

	2018 RM
Financial Assets	
<u>Mandatorily at Fair Value Through Profit or Loss</u>	
Other investment (Note 6)	1
	<hr/>
<u>Amortised Cost</u>	
Fixed deposits with a licensed bank (Note 8)	160,000
Cash and bank balances	279,678
	<hr/>
	439,678
	<hr/>
Financial Liabilities	
<u>Amortised Cost</u>	
Other payables and accruals (Note 11)	208,763
	<hr/>
	2017 RM
Financial Assets	
<u>Available-for-sale Financial Assets</u>	
Other investment (Note 6)	1
	<hr/>
<u>Loans and Receivables Financial Assets</u>	
Fixed deposits with a licensed bank (Note 8)	333,062
Cash and bank balances	187,523
	<hr/>
	520,585
	<hr/>
Financial Liabilities	
<u>Other Financial Liabilities</u>	
Other payables and accruals (Note 11)	199,010
	<hr/>

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18. FINANCIAL INSTRUMENTS (CONT'D)

18.4 GAINS OR LOSSES ARISING FROM FINANCIAL ASSETS

	2018 RM
Financial Assets	
<u>Amortised Cost</u>	
Net gains recognise in profit or loss	8,177
	2017 RM
Financial Assets	
<u>Loans and Receivables Financial Assets</u>	
Net gains recognise in profit or loss	6,553

18.5 FAIR VALUE INFORMATION

At the end of the reporting period, there were no financial instruments carried at fair value in the statement of financial position.

The fair values of the financial assets and financial liabilities of the Company that maturing within the next 12 months approximated their carrying amounts due to the relatively short-term maturity of the financial instruments or repayable on demand terms.

	Fair Value of Financial Instruments not Carried at Fair Value			Total Fair Value RM	Carrying Amount RM
	Level 1 RM	Level 2 RM	Level 3 RM		
2018					
<u>Financial Assets</u>					
Other investment :					
- unquoted	-	1	-	1	1
2017					
<u>Financial Assets</u>					
Other investment :					
- unquoted	-	1	-	*	1

* In the last financial year, The fair value of the Company's investment in unquoted shares that with carrying amount of RM1 was not presented due to the lack of marketability of the shares and the fair value cannot be reliably measured.

The fair value of unquoted equity investments is determined based on market comparison technique using market multiples derived from quoted prices of companies comparable to the investee, adjusted for the effect of the non-marketability of the unquoted shares.

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19. CHANGES IN ACCOUNTING POLICIES

Initial Application on MFRS 9

The Company has adopted MFRS 9 without restating any comparatives information (transitional exemption). Therefore, the financial impacts arising from the new classification and measurement of financial instruments, and the new impairment requirements are not reflected in the statement of financial position as at 31 December 2018 but are recognised in the opening statement of financial position on 1 January 2018 (date of initial application of MFRS 9).

The Company has adopted MFRS 9 without restating any comparative information (transitional exemption). Therefore, the financial impacts arising from the new classification and measurement of financial instruments, and the new impairment requirements are not reflected in the its statement of financial position as at 31 December 2017; but are recognised in the opening statement of financial position on 1 January 2018. The main impacts resulting from the changes made are summarised below:-

	< ----- Classification and ----- > Carrying Amount		
	Under MFRS 139 RM	Under MFRS 9 RM	Transition Adjustment RM
Reclassification from available-for-sale financial assets to fair value through other comprehensive income	AFS RM 1	FVOCI RM 1	-

The Company intends to hold the Investments in unquoted shares for long-term strategic purposes. These investments were measured at cost in prior periods. As permitted by MFRS 9, the Company has designated such investments as fair value through other comprehensive income, to be measured at fair value at each reporting date.

Initial Application on MFRS 15

The Company has adopted MFRS 15 with modified retrospective application using the following practical expedients of which the cumulative financial impact are recognised in the opening statement of financial position in 1 January 2018 (date of initial application of MFRS 15):-

The Company has chosen to apply MFRS 15 retrospectively only to contracts that were not completed at the date of initial application.

For completed contracts that have variable consideration, the Company has chosen to use the transaction price at the date the contract was completed rather than estimating variable consideration amounts.

The Company is unable to estimate the effects from the application of the practical expedients above.

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NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

20. COMPARATIVE FIGURES

	As Previously Reported RM	As Restated RM
Other Payables and accruals	283,440	199,010
Deferred income	-	84,430
