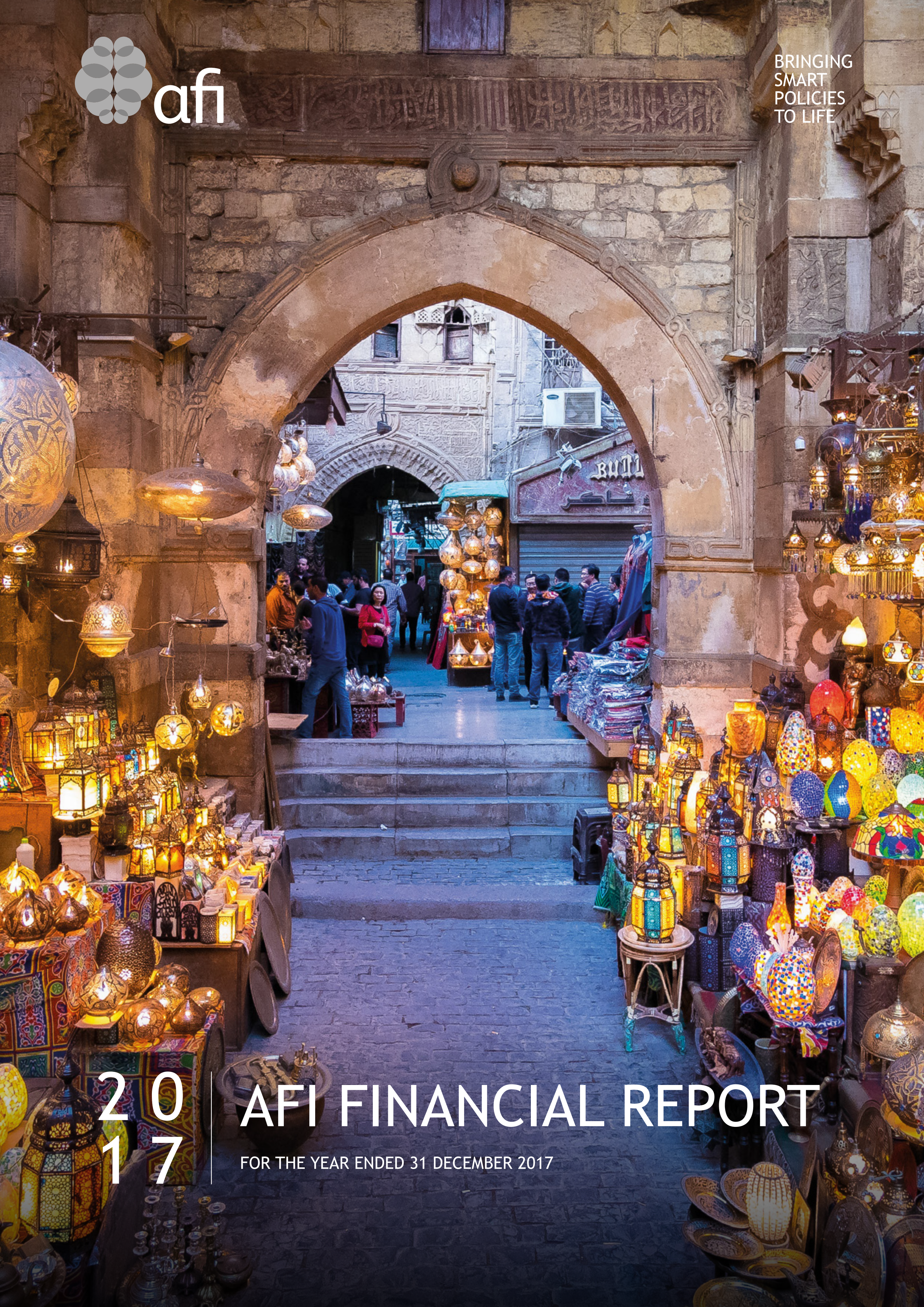

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BRINGING SMART POLICIES TO LIFE

2017 AFI FINANCIAL REPORT

FOR THE YEAR ENDED 31 DECEMBER 2017

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STATEMENT BY THE MANAGEMENT UNIT

We, Alfred Hannig and Norbert Mumba, being members of the Management Unit of Alliance for Financial Inclusion ("the Organisation"), state that, in the opinion of the Management Unit, the financial statements set out on pages 5 to 12 are drawn up in accordance with Malaysian Financial Reporting Standards and International Financial Reporting Standards so as to give a true and fair view of the financial position of the Organisation at 31 December 2017 and of its financial performance and cash flows for the financial year ended on that date.

Alfred Hannig
Executive Director

Norbert Mumba
Deputy Executive Director

INDEPENDENT AUDITORS' REPORT

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

OPINION

We have audited the financial statements of Alliance for Financial Inclusion ("the Organisation"), which comprise the statements of financial position as at 31 December 2017, and the statement of income and expenditure and statements of cash flows of the Organisation for the financial year ended 31 December 2017 and notes to financial statements, including a summary of significant accounting policies and other explanatory information, as set out on pages 5 to 12.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Organisation as at 31 December 2017, and of its financial performance and its cash flows for the financial year then ended in accordance with Malaysian Financial Reporting Standards and International Financial Reporting Standards.

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 Organisation 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.

RESPONSIBILITIES OF THE MANAGEMENT UNIT FOR THE FINANCIAL STATEMENTS

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

In preparing the financial statements of the Organisation, the Management Unit is responsible for assessing the Organisation'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 Management Unit either intends to liquidate the Organisation 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 Organisation as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with approved standards on auditing in Malaysia and International Standards on Auditing will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As 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 Organisation, 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 Organisation's internal control.

> Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Management Unit.

> Conclude on the appropriateness of the Management Unit's 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 Organisation'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 Organisation 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 Organisation to cease to continue as a going concern.

> Evaluate the overall presentation, structure and content of the financial statements of the Organisation, including the disclosures, and whether the financial statements of the Organisation represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the Management Unit 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.

OTHER MATTERS

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

Crowe Horwath
Firm No: AF 1018
Chartered Accountant

Ung Voon Huay
Approval No: 03233/09/2018 J
Chartered Accountant

Kuala Lumpur

STATEMENT OF FINANCIAL POSITION AT 31 DECEMBER 2017

	Note	USD 2017	USD 2016
ASSETS			
NON CURRENT ASSET			
Equipment	5	84,173	-
Total Non Current Asset		84,173	-
CURRENT ASSETS			
Trade receivable	6	123,898	2,231,087
Other receivables and prepayments		28,054	7,906
Fixed deposit with a licensed bank	7	-	1,000,000
Cash and bank balances		7,380,634	1,494,219
Total Current Assets		7,532,586	4,733,212
TOTAL ASSETS		7,616,759	4,733,212
EQUITY AND LIABILITY			
EQUITY			
Accumulated funds		4,693,410	3,785,466
Total Equity		4,693,410	3,785,466
CURRENT LIABILITY			
Other payables and accruals	8	2,923,349	947,746
Total Liability		2,923,349	947,746
TOTAL EQUITY AND LIABILITY		7,616,759	4,733,212

STATEMENT OF INCOME AND EXPENDITURE

FOR THE YEAR ENDED 31 DECEMBER 2017

	Note	USD 01.01.2017 to 31.12.2017	USD 27.01.2016 to 31.12.2016
Revenue	9	9,499,241	7,421,346
Interest income		63,264	10,379
Total income		9,562,505	7,431,725
Less: Expenditure	10	(8,654,561)	(9,554,604)
Surplus/(deficit) of income over expenditure for the financial year/period		907,944	(2,122,879)
Taxation	11	-	-
Surplus/(deficit) of income over expenditure after tax for the financial year/period		907,944	(2,122,879)
Accumulated funds brought forward		3,785,466	-
Fund contribution from Deutsche Gesellschaft fur Internationale Zusammenarbeit (“GIZ”)	12	-	5,908,345
Accumulated funds carried forward		4,693,410	3,785,466

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 DECEMBER 2017

	Note	USD 01.01.2017 to 31.12.2017	USD 27.01.2016 to 31.12.2016
RECEIPTS			
Cash receipts from donors and membership fee		**10,477,852**	7,998,537
Cash receipts from GIZ		**2,566,769**	3,677,258
Interest received		**66,764**	6,879
		13,111,385	11,682,674
LESS: PAYMENTS			
Auditor’s remuneration		**6,643**	3,071
Bank Charges		**24,666**	14,236
Contracted consultants and event fees		**1,089,414**	1,396,451
Directors’ remuneration		**869,927**	661,840
Entertainment		**3,871**	7,423
Grant disbursements		**589,548**	235,530
Indirect costs		**-**	285,366
Other direct costs		**50,943**	389,433
Postage and Courier		**903**	6,981
Purchase of computer hardware and software		**107,279**	177,210
Purchase of office equipment		**59,428**	10,010
Purchase of motor vehicles		**31,273**	-
Purchase of office supplies		**3,415**	8,141
Realised foreign exchange loss		**-**	59,622
Rental of premise		**12,221**	7,692
Staff costs		**3,542,231**	3,437,033
Training - Sponsorship		**126**	-
Travel expenses - Flights		**607,368**	881,256
Travel expenses - Accommodations		**357,350**	766,794
Travel expenses - Member sponsorships for flights and accommodations		**806,186**	767,343
Utilities expense		**62,178**	73,023
		8,224,970	9,188,455
Net increase in cash and cash equivalents		4,886,415	2,494,219
Cash and cash equivalents at beginning of the financial year/period		2,494,219	-
Cash and cash equivalents at the end of the financial year/period	13	7,380,634	2,494,219

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2017

1. GENERAL INFORMATION

The Alliance for Financial Inclusion ("the Organisation") was incorporated under the International Organizations (Privileges and Immunities) Act 1992 in Malaysia. The domicile of the Organisation is Malaysia. The registered office is Sasana Kijang, 2, Jalan Dato' Onn, 50480 Kuala Lumpur, Malaysia.

The financial statements were authorised for issue by the Management Unit on behalf of the Organisation on 28 March 2018.

2. PRINCIPAL ACTIVITIES

The Organisation is principally engaged in the activities of promoting and developing evidence-based policy solutions that help to improve the lives of the poor. There have been no significant changes in the nature of these activities during the financial year.

3. BASIS OF PREPARATION

The financial statements of the Organisation 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 International Financial Reporting Standards ("IFRS").

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

IFRSs and/or Interpretations (Including The Consequential Amendments)

- Amendments to IAS 7: Disclosure Initiative
- Amendments to IAS 12: Recognition of Deferred Tax Assets on Unrealised Losses
- Annual Improvements to IFRS Standards 2014 – 2016 Cycles – Amendments to IFRS 12: Clarification of the Scope of Standard

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

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

IFRSs AND INTERPRETATIONS (Including the Consequential Amendments)	EFFECTIVE DATE
IFRS 9 Financial Instruments (Issued by IASB in July 2014)	1 January 2018
IFRS 15 Revenue from Contracts with Customers	1 January 2018
IFRS 16 Leases	1 January 2019
IFRS 17 Insurance Contracts	1 January 2021
IFRIC 22 Foreign Currency Transactions and Advance Consideration	1 January 2018
Amendments to IFRS 2: Classification and Measurement of Share-based Transactions	1 January 2018
Amendments to IFRS 4: Applying IFRS 9 Financial Instruments with IFRS 4 Insurance Contracts	1 January 2018
Amendments to IFRS 10 and IAS 28: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	Deferred until further notice
Amendments to IFRS 15: Effective Date of IFRS 15	1 January 2018
Amendments to IFRS 15: Clarifications to IFRS 15 Revenue from Contracts with Customers	1 January 2018
Amendments to IAS 40 - Transfers of Investment Property	1 January 2018
Annual Improvements to IFRS Standards 2014 - 2016 Cycles	1 January 2018
Annual Improvements to IFRS Standards 2015 - 2017 Cycles	1 January 2019

The adoption of the above accounting standards and interpretations (including the consequential amendments) is expected to have no material impact on the financial statements of the Organisation upon their initial application.

4. SIGNIFICANT ACCOUNTING POLICIES

4.1 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

Key Sources of Estimation Uncertainty

Management Unit 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 Equipment

The estimates for the residual values, useful lives and related depreciation charges for the equipment are based on commercial factors which could change significantly as a result of technical innovations in response to the market conditions. The Organisation anticipates that the residual values of its 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 equipment as at the reporting date is disclosed in Note 5 to the financial statements.

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

4.2 FUNCTIONAL AND PRESENTATION CURRENCY

(a) Functional and Presentation Currency

The functional currency of the Organisation is the currency of the primary economic environment in which the Organisation operates.

The financial statements of the Organisation are presented in United States Dollar (“USD”).

(b) Foreign Currency Transactions and Balances

Transactions in foreign currencies are converted into the respective functional currencies on initial recognition, using the exchange rates at the transaction dates. Monetary assets and liabilities at the end of the reporting period are translated at the rates ruling as of that date. Non-monetary assets and liabilities are translated using exchange rates that existed when the values were determined. All exchange differences are recognised in profit or loss.

4.3 FINANCIAL INSTRUMENTS

Financial assets and financial liabilities are recognised in the statements of financial position when the Organisation 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 definitions in IAS 32. Interest, dividends, gains and losses relating to a financial instrument classified as a liability are reported as an expense or income.

Financial instruments are offset when the Organisation 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. 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 costs on the financial instrument at fair value through profit or loss are recognised immediately in profit or loss.

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

(a) Financial Assets

On initial recognition, financial assets are classified as either financial assets at fair value through profit or loss, held-to-maturity investments, loans and receivables financial assets, or available-for-sale financial assets, as appropriate.

(i) Financial Assets at Fair Value through Profit or Loss
As at the end of the reporting period, there were no financial assets classified under this category.

(ii) Held-to-maturity Investments
As at the end of the reporting period, there were no financial assets classified under this category.

(iii) Loans and Receivables Financial Assets
Trade receivables and other receivables that have fixed or determinable payments that are not quoted in an active market are classified as loans and receivables financial assets. Loans and receivables financial assets are measured at amortised cost using the effective interest method, less any impairment loss. Interest income is recognised by applying the effective interest rate, except for short-term receivables when the recognition of interest would be immaterial.

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

(iv) Available-for-sale Financial Assets
As at the end of the reporting period, there were no financial assets classified under this category.

(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. Derivatives are also classified as held for trading unless they are designated as hedges.

(ii) Other Financial Liabilities
Other financial liabilities are initially measured at fair value plus directly attributable transaction costs and 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 through the expected life of the financial liability, or, where appropriate, a shorter period.

Financial liabilities are classified as current liabilities unless the Organisation has an unconditional right to defer settlement of the liability for at least 12 months after the reporting date.

(c) Derecognition

A financial asset or part of it is derecognised when, and only when, the contractual rights to the cash flows from the financial asset expire or the financial asset is transferred to another party without retaining control or substantially all risks and rewards of the asset. On derecognition of a financial asset, the difference between the carrying amount and the sum of the consideration received (including any new asset obtained less any new liability assumed) and any cumulative gain or loss that had been recognised in equity is recognised in profit or loss.

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.

4.4 EQUIPMENT

Equipment are stated at cost less accumulated depreciation and impairment losses if any.

Depreciation on equipment is charged to profit or loss (unless it is included in the carrying amount of another asset) on a 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:-

- Office equipment 20%
- Motor vehicles 20%

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 equipment have different useful lives, they are accounted for as separate items (major components) of equipment.

An item of 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. The revaluation reserve included in equity is transferred directly to retained profits on retirement or disposal of the asset.

4.5 IMPAIRMENT

(a) Impairment of Financial Assets

All financial assets (other than those categorised at fair value through profit or loss), are assessed at the end of each reporting period whether there is any objective evidence of impairment as a result of one or more events having an impact on the estimated future cash flows of the asset.

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

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed through profit or loss to the extent that the carrying amount of the financial asset at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.

(b) Impairment of Non-Financial Assets

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. The recoverable amount of the assets is the higher of the assets' fair value less costs to sell and their value in use, which is measured by reference to discounted future cash flow using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

An impairment loss is recognised in profit or loss immediately.

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.

4.6 CASH AND CASH EQUIVALENTS

Cash and cash equivalents comprise cash in hand, bank balances, demand deposits, bank overdrafts 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.

4.7 EMPLOYEE BENEFITS

(a) Short-term Benefits

Wages, salaries, paid annual leave and bonuses 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 Organisation.

(b) Defined Contribution Plans

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

4.8 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's 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.

4.9 REVENUE AND OTHER INCOME

(a) Membership fee

Membership fee is recognised when the outcome of the transaction can be estimated reliably.

(b) Donations

Donations from corporations and foundations are recognised on the receipts basis.

(c) Interest income

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

5. EQUIPMENT

2017	AT 1.1.2017 USD	ADDITION USD	DEPRECIATION CHARGES USD	AT 31.12.2017 USD
Carrying Amount				
Motor Vehicles	-	31,169	(5,434)	25,735
Office Equipment	-	59,428	(990)	58,438
	-	90,597	(6,424)	84,173

2017	AT COST USD	ACCUMULATED DEPRECIATION USD	NET BOOK VALUE USD
Motor Vehicles	31,169	(5,434)	25,735
Office Equipment	59,428	(990)	58,438
	90,597	(6,424)	84,173

6. TRADE RECEIVABLE

The Organisation's normal trade terms are to be settled within 90 (2015 – 150) days.

7. FIXED DEPOSIT WITH A LICENSED BANK

The fixed deposit with a licensed bank of the Organisation at the end of the previous reporting period bore an effective interest rate of 1.20% per annum. The fixed deposit had a maturity period of 3 months.

8. OTHER PAYABLES AND ACCRUALS

	2017 USD	2016 USD
Deferred revenue	2,015,776	577,585
Other payables	511,351	127,516
Accruals	396,222	242,645
	2,923,349	947,746

9. REVENUE

	2017 USD	2016 USD
Donations received	6,022,693	3,910,151
Membership subscription fee	3,476,548	3,511,195
	9,499,241	7,421,346

10. EXPENDITURE

	2017 USD	2016 USD
Auditor's remuneration		
- Audit services	**5,977**	6,780
- Non audit services	**-**	3,071
Bank charges	**24,666**	14,236
Contracted consultants and event fees	**1,382,136**	1,392,439
Depreciation of equipment	**6,424**	-
Directors' remuneration	**869,927**	661,840
Entertainment	**4,228**	7,423
Grant disbursements	**788,900**	235,530
Indirect costs	**-**	285,366
Other direct costs	**117,022**	389,433
Postage and courier	**1,045**	6,981
Purchase of computer hardware and software	**136,486**	177,210
Purchase of furniture and fittings	**104**	10,010
Purchase of office supplies	**3,782**	8,141
Realised foreign exchange loss	**(4,487)**	59,622
Rental of premise	**12,233**	7,692
Staff costs	**3,487,269**	3,672,898
Training - Sponsorship	**126**	-
Travel expenses - Flights	**554,454**	881,256
Travel expenses - Accommodations	**361,816**	766,794
Travel expenses - Member sponsorships for flights and accommodations	**836,650**	894,859
Utilities expense	**65,803**	73,023
	8,654,561	9,554,604

11. TAXATION

The income of the Organisation is tax exempt in accordance with the provisions of ACT 485: International Organizations (Privileges and Immunities) Act 1992.

12. FUND CONTRIBUTION FROM GIZ

At the beginning of the previous financial period, the Organisation received USD 5,908,345 from GIZ. The fund received is not subject to any specific conditions imposed by GIZ to support the general operations and its programmes.

13. Cash and Cash Equivalents

For the purpose of the statement of cash flows, cash and cash equivalents comprise the following:-

	2017 USD	2016 USD
Fixed deposit with a licensed bank	**-**	1,000,000
Cash and bank balances	**7,380,634**	1,494,219
	7,380,634	2,494,219

14. FINANCIAL INSTRUMENTS

The Organisation'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 Organisation's overall financial risk management policy focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Organisation's financial performance.

14.1 Financial Risk Management Policies

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

(a) Market Risk

(i) Foreign Currency Risk

The Organisation is exposed to foreign currency risk on transactions and balances that are denominated in currencies other than the respective functional currencies of the Organisation. The currencies giving rise to this risk are primarily Ringgit Malaysia ("RM"). Foreign currency risk is monitored closely on an ongoing basis to ensure that the net exposure is at an acceptable level.

The Organisation's exposure to foreign currency risk (a currency which is other than the functional currency) based on the carrying amounts of the financial instruments at the end of the reporting period is summarized below:-

Foreign Currency Exposure

	RINGGIT MALAYSIA USD	UNITED STATES DOLLAR USD	TOTAL USD
2017 FINANCIAL ASSETS			
Cash and bank balances	**165,509**	**7,215,125**	**7,380,634**
2016 FINANCIAL ASSETS			
Currency exposure	194,247	1,299,972	1,494,219

Foreign Currency Risk Sensitivity Analysis

Any reasonably possible change in the foreign currency exchange rates at the end of the reporting period against the respective functional currencies of the Organisation does not have material impact on the surplus after taxation of the Organisation and hence, no sensitivity analysis is presented.

(ii) Interest Rate Risk
The Organisation does not have any material interest bearing borrowing and hence, is not exposed to interest rate risk.

(iii) Equity Price Risk
The Organisation does not have any quoted investments and hence, is not exposed to equity price risk.

(b) Credit Risk
The Organisation's exposure to credit risk, or the risk of counterparties defaulting, arises mainly from trade and other receivables.

(i) Credit Risk Concentration Profile
The Organisation's major concentration of credit risk relates to the amounts owing by one receivable which constituted approximately 100% of its trade receivables at the end of the reporting period.

(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 Organisation.

(c) Liquidity Risk
Liquidity risk arises mainly from general funding and business activities. The Organisation practises prudent risk management by maintaining sufficient cash balances and the availability of funding through certain committed credit facilities.

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 RATE %	CARRYING AMOUNT USD	CONTRACTUAL UNDISCOUNTED CASH FLOWS USD	WITHIN 1 YEAR USD
2017				
Other payables and accruals	-	**907,573**	**907,573**	**907,573**
2016				
Other payables and accruals	-	370,161	370,161	370,161

14.2 Classification of Financial Instruments

FINANCIAL ASSETS	31.12.2017 USD	31.12.2016 USD
LOANS AND RECEIVABLES FINANCIAL ASSETS		
Trade receivable	**123,898**	2,231,087
Other receivables	**28,054**	7,906
Fixed deposit with a licensed bank	-	1,000,000
Cash and bank balances	**7,380,634**	1,494,219
	7,532,586	4,733,212
FINANCIAL LIABILITIES		
OTHER FINANCIAL LIABILITIES		
Other payables and accruals	**907,573**	370,161

14.3 Fair Values of Financial Instruments

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

The fair values of the financial assets and financial liabilities of the Organisation that are 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.

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