

The background is a solid teal color with several large, overlapping, semi-transparent circular shapes in various shades of teal, creating a layered, abstract pattern.

TREASURER'S REPORT

2022

Summary of Financial Statements as at 30
December 2021

Reports & Financial Statements for the year
ended 31 December 2021

TREASURER REPORT

The MSB business conditions generally improvised in 2022 from the post-Covid 19 impacts following the reopening of borders in April 2022.

The Association reported a total income of RM651,095.00 in FY2022, an increase of 11.67% compared to RM583,027.00 in FY2021. However, the expenditure had increased by 28.39% to RM923,326 from RM719,156.00 a year ago. As a result, the Association recorded a deficit of income over expenditure amounting to RM272,231.00 in FY2022 compared to a deficit of RM136,129.00 in FY2021, a widening deficit of 99.98%.

Excluding depreciation and amortization, the total operating expenses that approximate cash expenses are RM867,360 and RM697,312 in FY2022 and FY2021 respectively. After considering the total income, the net “cash” losses are RM216,265 and RM114,285 in FY2022 and FY2021 respectively. The total net “cash” loss for these two FYs is approximately RM330,550.

Major sources of incremental revenue are from the annual and administration fee of RM210,510, GOCO training of RM266,296, and the sale of window glass stickers of RM130,947. Meanwhile, the major sources of incremental expenses are staff costs (including EPF, SOCSO, and EIS) of RM403,042 training expenses of RM86,111, rental of premises of RM89,374, and traveling expenses of RM30,766. Given the increase in YoY expenses of RM204,170 is larger than the increase in the YoY total income of RM68,068 from the year 2022 to 2021, it led to a larger net loss (deficit) of RM272,231 in FY2022 versus a deficit of RM136,129 in 2021.

The overall financial performance of the association in FY 2022 has declined compared to the previous year due to various internal and external factors. With the depleting reserves and the declining memberships, the financial health and sustainability of the association will be a big concern going forward. Hence, the association is taking various measures to increase revenue and reduce expenses for the upcoming year.

Rujukan PPM : PPM-001-10-22082013

PERSATUAN PERNIAGAAN PERKHIDMATAN WANG MALAYSIA
(Malaysian Association of Money Services Business)
 (Registered under the Societies Act 1966)

INFORMATION OF THE ASSOCIATION

The Council

President

Jags Money Sdn Bhd

Dato' Sri Jajakhan Bin Kader Gani

Vice President

Al-Tamij Capital Resources Sdn Bhd

Thameejudeen Bin Mohd Ibrahim

Secretary

SSB Interchange Sdn Bhd

Mohamad Ershad Bin Syed Jahabar

Treasurer

Suria Muhabat Sdn Bhd

Manimakudom Karuppiah

Council Members

IME (M) Sdn Bhd

Espen Kristensen

TNG Digital Remittance Sdn Bhd

Sarveswaran Raja Gopal

Adcrew Sdn Bhd

See Yoke Siew

Travelex Currency Exchange &

Payment Sdn Bhd

Rakesh A/L Aravindan

Alif Money Changer Sdn Bhd

Tuan Haji Ahamed Syed Sidique Bin

Abdul Latiff

Sharafath Ali Sdn Bhd

Mohamed Sherafath Ali Bin

Abdul Rahman

Akar Warisan Sdn Bhd

Analisa Yin Binti Abdullah

World Currency Sdn Bhd

Amarul Hanif Bin Harun

Rujukan PPM : PPM-001-10-22082013

PERSATUAN PERNIAGAAN PERKHIDMATAN WANG MALAYSIA
(Malaysian Association of Money Services Business)
(Registered under the Societies Act 1966)

Domicile:	Malaysia
Legal form and place of incorporation:	Association Registered in Malaysia under the Societies Act 1966
Registered office:	Unit 3A01, 3A Floor, Lobby 1, Block C, Damansara Intan, No.1, Jalan SS20/27, 47400 Petaling Jaya Selangor.
Principal place of business:	Level 2, Bangunan AICB, 10, Jalan Dato Onn, 50480 Kuala Lumpur Federal Territory of Kuala Lumpur

Rujukan PPM : PPM-001-10-22082013

PERSATUAN PERNIAGAAN PERKHIDMATAN WANG MALAYSIA
(Malaysian Association of Money Services Business)
(Registered under the Societies Act 1966)

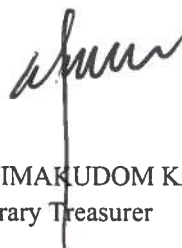
STATEMENT BY THE COUNCIL MEMBERS

We, Dato' Sri Jajakhan Bin Kader Gani and Manimakudom Karuppiah, being two of the Council Members of Persatuan Perniagaan Perkhidmatan Wang Malaysia (the "Association"), do hereby state that, in the opinion of the Council Members, the accompanying financial statements set out on pages 8 to 27 are drawn up so as to give a true and fair view of the financial position of the Association as at 31 December 2022 and of its financial performance and its cash flows of the Association for the financial year then ended in accordance with Malaysian Private Entities Reporting Standard.

Signed on behalf of the Council Members



DATO' SRI JAJAKHAN BIN KADER GANI
President



MANIMAKUDOM KARUPPIAH
Honorary Treasurer

Kuala Lumpur
Date: 29 March 2023

**INDEPENDENT AUDITORS' REPORT
TO THE COUNCIL MEMBERS OF
PERSATUAN PERNIAGAAN PERKHIDMATAN WANG MALAYSIA
(Malaysian Association of Money Services Business)
Rujukan PPM : PPM-001-10-22082013
(Registered under the Societies Act 1966)**

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Persatuan Perniagaan Perkhidmatan Wang Malaysia (the "Association"), which comprise the statement of financial position as at 31 December 2022, and the statement of income and expenditure, statement of changes in general fund 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 8 to 27.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Association as at 31 December 2022, and of its financial performance and its cash flows for the financial year then ended in accordance with Malaysian Private Entities Reporting Standard.

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 Association 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* (Including International Independent Standards) ("IESBA Code"), and we have fulfilled our other ethical responsibilities in accordance with the By-Laws and the IESBA Code.

Information Other than the Financial Statements and Auditors' Report Thereon

The Council Members of the Association are responsible for the other information. The other information comprises the Annual Report (but does not include the financial statements of the Association and our auditors' report thereon), which is expected to be made available to us after the date of this report.

Independent Auditors' Report
Persatuan Perniagaan Perkhidmatan Wang Malayasia
(Malaysian Association of Money Services Business)
Rujukan PPM : PPM-001-10-22082013

Our opinion on the financial statements of the Association does not cover the other information and we do not express any form of assurance conclusion thereon.

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

When we read the Annual Report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to the Council Members of the Association and take the appropriate action in accordance with the approved standards on auditing in Malaysia and International Standards on Auditing.

Council Members' Responsibility for the Financial Statements

The Council Members of the Association are responsible for the preparation of financial statements so as to give a true and fair view in accordance with Malaysian Private Entities Reporting Standard in Malaysia. The Council Members are also responsible for such internal control as the Council Members determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements of the Association, the Council Members of the Association are responsible for assessing the Association'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 Council Members either intend to dissolve the Association 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 Association 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
Persatuan Perniagaan Perkhidmatan Wang Malaysia
(Malaysian Association of Money Services Business)
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As part of an audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements of the Association, 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 Association's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Council Members of the Association.
- Evaluate the overall presentation, structure and content of the financial statements of the Association, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Conclude on the appropriateness of the Council Members of the Association'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 Association'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 Association 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 Association to cease to continue as a going concern.

We communicate with the Council Members of the Associations 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.

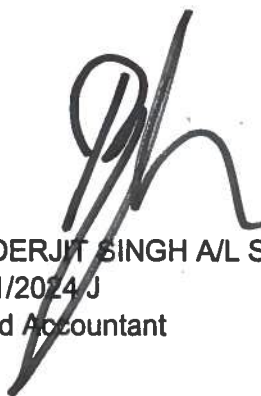
Independent Auditors' Report
Persatuan Perniagaan Perkhidmatan Wang Malaysia
(Malaysian Association of Money Services Business)
Rujukan PPM : PPM-001-10-22082013

Other Matters

1. The financial statements of the Association for the preceding financial year ended 31 December 2021 were audited by another firm auditors whose report thereon dated 10 March 2022 expressed an unqualified opinion on those statements.
2. This report is made solely to the members of the Association, as a body, in accordance with Section 26 of the Societies Act 1966 in Malaysia and for no other purpose. We do not assume responsibility to any other person for the content of this report.



MAZARS PLT
201706000496 (LLP0010622-LCA)
AF 001954
Chartered Accountants



RAJVINDERJIT SINGH A/L SAVINDER SINGH
03400/11/2024 J
Chartered Accountant

Kuala Lumpur

29 March 2023

ID_3147

Rujukan PPM : PPM-001-10-22082013

PERSATUAN PERNIAGAAN PERKHIDMATAN WANG MALAYSIA
(Malaysian Association of Money Services Business)
(Registered under the Societies Act 1966)

STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2022

	Note	2022 RM	2021 (Restated) RM
NON-CURRENT ASSETS			
Plant and equipment	5	283,084	183,317
Intangible assets	6	36,754	59,825
		<u>319,838</u>	<u>243,142</u>
CURRENT ASSETS			
Subscriptions receivable		83,109	73,329
Deposits and prepayments	7	39,258	50,247
Tax recoverable		-	641
Cash and cash equivalents	8	140,059	564,146
		<u>262,426</u>	<u>688,363</u>
TOTAL ASSETS		<u>582,264</u>	<u>931,505</u>
ACCUMULATED FUNDS AND LIABILITIES			
ACCUMULATED FUNDS			
Balance at 1 January		678,725	814,854
Deficit		(272,231)	(136,129)
Balance at 31 December	9	<u>406,494</u>	<u>678,725</u>
CURRENT LIABILITIES			
Subscriptions in advance		132,649	107,064
Other payables and accruals	10	43,121	145,716
TOTAL LIABILITIES		<u>175,770</u>	<u>252,780</u>
TOTAL FUNDS AND LIABILITIES		<u>582,264</u>	<u>931,505</u>

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PERSATUAN PERNIAGAAN PERKHIDMATAN WANG MALAYSIA
(Malaysian Association of Money Services Business)
 (Registered under the Societies Act 1966)

STATEMENT OF INCOME AND EXPENDITURE
FOR THE YEAR ENDED 31 DECEMBER 2022

	<i>Note</i>	2022 RM	2021 (Restated) RM
INCOME			
Annual fee	<i>11</i>	200,360	175,600
Administration fee		10,150	41,400
Entrance fee		18,250	6,250
Fixed deposits interest income		-	6,511
Training fee		183,860	163,305
Public and special revenue		82,436	69,275
Sale of window glass stickers		130,947	99,945
Wages subsidy		-	6,000
Vendor refund		24,645	14,741
Gain on disposal of plant and equipment		447	-
TOTAL INCOME		651,095	583,027
LESS: EXPENDITURE			
Amortisation of intangible assets		23,071	15,979
Annual general meeting expenses		57,748	-
Auditors' remuneration - current year		12,000	13,000
Auditors' remuneration - underprovision of prior year		-	5,000
Bank charges		1,861	991
Depreciation on plant and equipment		32,895	5,865
Entertainment		119	4,588
EPF contributions		77,420	43,553
Facilities rental		4,143	17,490
Fines and penalties		242	340
Gifts and souvenirs		325	1,397
Office service charge		31,336	4,660
Maintenance fee		31,240	17,770
Petty cash written-off		-	490
Postages and courier services		4,398	5,173
Printing and stationery		25,736	25,408
Professional fee		10,256	8,652
Public relation expenses		3,600	1,150
Rental of office equipment		1,140	2,280
Rental of premises		89,374	46,400
Regional meeting expenses		27,144	-
Salaries, allowances and bonus		321,791	359,613
Staff welfare and sundry expenses		8,642	3,087

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PERSATUAN PERNIAGAAN PERKHIDMATAN WANG MALAYSIA
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STATEMENT OF INCOME AND EXPENDITURE (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2022

	<i>Note</i>	2022 RM	2021 (Restated) RM
Balance B/F		764,481	582,886
SOCSO and EIS contributions		3,831	3,485
Stamp duty		55	822
Subscription fee		3,416	9,267
Subscriptions written-off		-	24,720
Tax services fees		424	3,413
Telephone charges		5,630	6,255
Training expenses		86,111	33,052
Transaction fee		3,476	199
Transportations		2,305	5,665
Travelling expenses		30,766	30,493
Upkeep of office equipments		12,558	7,416
Upkeep of premises		7,315	4,003
Utilities		2,958	7,480
TOTAL EXPENDITURE		<u>923,326</u>	<u>719,156</u>
DEFICIT OF INCOME OVER EXPENDITURE		(272,231)	(136,129)
LESS: TAXATION	<i>12</i>	<u>-</u>	<u>-</u>
DEFICIT FOR THE YEAR		<u>(272,231)</u>	<u>(136,129)</u>

The accompanying notes form an integral part of the financial statements.

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PERSATUAN PERNIAGAAN PERKHIDMATAN WANG MALAYSIA
(Malaysian Association of Money Services Business)
(Registered under the Societies Act 1966)

STATEMENT OF CHANGES IN GENERAL FUND
FOR THE YEAR ENDED 31 DECEMBER 2022

	RM (Restated)
At 1 January 2021	814,854
Deficit for the year	(136,129)
At 31 December 2021/ 1 January 2022	<u>678,725</u>
Deficit for the year	(272,231)
At 31 December 2022	<u><u>406,494</u></u>

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PERSATUAN PERNIAGAAN PERKHIDMATAN WANG MALAYSIA
(Malaysian Association of Money Services Business)
(Registered under the Societies Act 1966)

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2022

	2022	2021
	RM	(Restated) RM
OPERATING ACTIVITIES		
Deficit of income over expenditure	(272,231)	(136,129)
Adjustments:		
Amortisation of intangible assets	23,071	15,979
Depreciation on plant and equipment	32,895	5,865
Gain on disposal of plant and equipment	(447)	-
Interest income on short-term deposits and bank balances	-	(6,511)
Deficit before changes in working capital	(216,712)	(120,796)
Changes in working capital:		
Increase in subscriptions receivable	(9,780)	(5,102)
Increase in subscriptions in advance	25,585	19,437
Increase/(Decrease) in other receivables and deposits	11,630	(36,047)
(Decrease)/Increase in other payables and accruals	(102,595)	91,304
Cash used in operations, representing net cash used in operating activities	<u>(291,872)</u>	<u>(51,204)</u>
INVESTING ACTIVITIES		
Purchase of plant and equipment	(133,301)	(166,893)
Purchase of intangible asset	-	(4,770)
Proceeds from disposal of plant and equipment	1,086	-
Interest received	-	6,511
Net cash used in investing activities	<u>(132,215)</u>	<u>(165,152)</u>
Net changes in cash and cash equivalents	(424,087)	(216,356)
Cash and cash equivalents at the beginning of year	564,146	780,502
Cash and cash equivalents at the end of year	<u>140,059</u>	<u>564,146</u>
Cash and cash equivalents at the end of year comprise:		
Cash and bank balances	<u>140,059</u>	<u>564,146</u>

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PERSATUAN PERNIAGAAN PERKHIDMATAN WANG MALAYSIA
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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022

1. GENERAL INFORMATION

Persatuan Perniagaan Perkhidmatan Wang Malaysia (the “Association”) was established pursuant to the Societies Act 1966 on 22 August 2013. The addresses of the Association’s registered office and principal place of business are set out in page 2.

The principal activities of the Association is to promote the modernisation and professionalism of money services industry and facilitate education and training for its members.

The financial statements are presented in Ringgit Malaysia (“RM”), which is also the functional currency of the Association.

2. BASIS OF PREPARATION

The financial statements have been prepared in accordance with Malaysian Private Entities Reporting Standard issued by the Malaysian Accounting Standards Board.

The financial statements have been prepared using historical cost basis, unless otherwise stated in the significant accounting policies set out in note 3.

3. SIGNIFICANT ACCOUNTING POLICIES

3.1 Plant and Equipment

Plant and equipment are measured at cost less accumulated depreciation and any accumulated impairment losses.

The cost of an item of plant and equipment comprises (i) purchase price; (ii) any costs directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management; and (iii) the initial estimate of the costs of dismantling and removing the item and restoring the site on which the asset is located.

Work-in-progress is not depreciated.

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All other items of plant and equipment are depreciated by allocating the depreciable amounts of assets less their residual values over their estimated useful lives, using straight-line method. The annual depreciation rates used for the depreciation are as follows:

Office equipment	10%
Furniture and fittings	10%
Computer and software	20%
Renovation	10%

The residual values and useful lives of assets are reviewed at each financial year end and adjusted prospectively, if appropriate, where expectations differ from previous estimates. Plant and equipment are reviewed for impairment in accordance with the Association's accounting policy for impairment of non-financial assets as disclosed in Note 3.3.

An item of plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. The difference between the net disposal proceeds, if any, and the net carrying amount is recognised in statement of income and expenditure.

3.2 Intangible Assets

The costs of acquisition of computer software and application software are capitalised as intangible assets and are carried at costs less accumulated amortisation and accumulated impairment losses, if any. Cost include the purchase prices and any directly attributable costs of preparing the asset for its intended use. The cost of an intangible asset is amortised when the asset is available for use on the straight-line basis over the period the asset is expected to generate economic benefits.

The annual amortisation rate used are as follows:

Mobile application and self-service membership portal	20%
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3.3 Impairment of Non-Financial Assets

Other than financial assets, an impairment loss occurs when the carrying amount of an asset exceeds its recoverable amount. The recoverable amount of an asset or a cash-generating unit is the higher of its fair value less costs to sell and its value in use.

At each reporting date, the entity assesses whether there is any indication that an asset may be impaired. If any such indication exists, the entity estimates the recoverable amount of the asset and compares with its carrying amount. If the estimated recoverable amount is lower, the carrying amount is reduced to its estimated recoverable amount, and an impairment loss is recognised immediately as an expense.

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3.4 Cash and Cash Equivalents

Cash and cash equivalents are short-term, highly liquid investments that are readily convertible to known amounts of cash and that are subject to an insignificant risk of changes in value. They are held to meet short-term cash commitments instead of for investment or other purposes.

3.5 Financial Instruments

A financial instrument is a contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

(a) Initial recognition and measurement

A financial asset or a financial liability is recognised only when the entity becomes a party to the contractual provisions of the instrument.

On initial recognition, a financial asset or a financial liability is measured at the transaction price, including transaction costs. For a financial asset or a financial liability that is subsequently measured at fair value through profit or loss, transaction costs are expensed to income or expenditure when incurred.

An arrangement constitutes a financing transaction, if payment is deferred beyond normal business terms. Under a financing transaction, a financial asset or a financial liability is measured at the present value of the future payments discounted at a market rate of interest for a similar debt instrument as determined at initial recognition.

(b) Subsequent measurement of financial assets

Investments in debt instruments, whether quoted or unquoted, are subsequently measured at amortised cost using the effective interest method. Investments in unquoted equity instruments and whose fair value cannot be reliably measured are measured at cost.

All financial assets are subject to review for impairment, except for financial assets measured at fair value through profit or loss.

(c) Subsequent measurement of financial liabilities

After initial recognition, the Association measures all financial liabilities at amortised cost using the effective interest method, except for derivatives instruments that are liabilities, which are measured at fair value.

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3.5 Financial Instruments (Continued)

(d) Impairment

At the end of each reporting period, financial assets that are measured at cost or amortised cost are assessed as to whether there is objective evidence of impairment. If there is objective evidence of impairment, an impairment loss is recognised as an expense immediately.

For a financial asset measured at amortised cost, the impairment loss is the difference between the asset's carrying amount and the present value of estimated cash flows discounted at the asset's original effective interest rate. If such a financial asset has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract.

For a financial asset measured at cost less impairment, the impairment loss is the difference between the asset's carrying amount and the best estimate of the amount that would be received for the asset if it were to be sold at the reporting date.

If, in a subsequent period, the amount of an 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 as an income.

(e) Derecognition

A financial asset is derecognised only when (i) the contractual rights to receive the cash flows from the financial asset expire or are settled; or (ii) the entity transfers to another party substantially all of the risks and rewards of ownership of the financial asset, including circumstances when the entity acts only as a collecting agent of the transferee, and retains no significant risks and rewards of ownership of the financial asset or no continuing involvement in the control of the financial asset transferred.

A financial liability is derecognised only when it is extinguished, i.e. when the obligation specified in the contract is discharged, is cancelled or expired. A substantial modification of the terms of an existing financial liability is accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability.

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3.5 Financial Instruments (Continued)

(f) Recognition of gains and losses

Fair value changes of financial assets and financial liabilities classified as at fair value through profit or loss are recognised in statement of income and expenditure when they arise.

For financial assets and financial liabilities carried at amortised cost, a gain or loss is recognised in statement of income and expenditure only when the financial asset or financial liability is derecognised, and through the amortisation process of the instrument.

3.6 Leases

A lease is classified as a finance lease, if it transfers substantially all the risks and rewards incidental to ownership. All other leases that do not meet this criterion are classified as operating leases.

Operating lease - Lessee

Lease payments under operating leases are recognised as an expense over the lease term on a straight-line basis, unless another systematic basis is more representative of the time pattern of the user's benefit.

3.7 Provisions

A provision is recognised only when (i) the entity has an obligation at the reporting date as a result of a past event; (ii) it is probable that the entity will be required to transfer economic benefits in settlement; and (iii) the amount of the obligation can be estimated reliably.

A provision is initially measured at the best estimate of the amount required to settle the obligation at the reporting date. When the effect of the time value of money is material, the amount of a provision shall be the present value of the amount expected to be required to settle the obligation. Thereafter, the provision is reviewed at each reporting date and adjusted to reflect the current best estimate of the amount that would be required to settle the obligation at that reporting date. Any adjustments to the amounts previously recognised is recognised in profit or loss. When a provision is measured at the present value of the amount expected to be required to settle the obligation, the unwinding of the discount is recognised as a finance expense in the period it arises.

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3.7 Provisions (Continued)

Provisions are recognised when the Association has a present legal and constructive obligation as a result of past events and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Where the effect of time value of money is material, the amount of provision is measured at the present value of the expenditure expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. Where discounting is used, the increase in the amount of a provision due to passage of time is recognised as finance expense.

3.8 Income recognition

Income is recognised when it is probable that the economic benefits will flow to the Association and when the revenue can be measured reliably, on the following bases:

- (i) Annual and administration fees are recognised based on the accrual basis.
- (ii) Entrance fees are recognised based on the approval of memberships.
- (iii) Training fees are recognised upon services being rendered.

3.9 Employee Benefits

The cost of all employee benefits to which the employees have become entitled as a result of service rendered to the entity during the reporting period is recognised as an expenditure, other than the cost to be recognised as part of the cost of an asset.

Short-term employee benefits (including wages, salaries, social security contributions, short-term compensated absences, bonuses, non-monetary benefits, etc.) are measured at the undiscounted amount of benefits expected to be paid in exchange for the services rendered by employees.

The contribution payable to an approved fund for a period in accordance with the terms of the plan (i.e. a defined contribution plan) is recognised as an expense in profit or loss, other than the cost to be recognised as part of the cost of an asset. When the fixed contributions have been paid, the entity has no further contribution obligations.

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3.10 Income Tax

Current tax liability is recognised for tax payable on taxable profit for the current and past periods. If the amount paid for the current and past periods exceeds the amount payable for those periods, the excess is recognised as a current tax asset. Current tax liability or asset is measured at the amount it expected to be paid or recovered using the tax rates and laws that have been enacted or substantively enacted by the reporting date.

Current taxes are not discounted.

Tax expense is the aggregate amount of current and deferred taxes. Current and deferred taxes are recognised as income or expense in statement of income and expenditure except to the extent that the taxes relate to items recognised outside profit or loss, either in other comprehensive income or directly in equity.

Current tax is the expected tax payable on the taxable profit for the year and is calculated using tax rates enacted or substantively enacted at the end of the reporting period.

Deferred tax is recognised, using the liability method, on temporary differences at end of the reporting period between the carrying amounts of assets and liabilities in the financial statements and the amounts attributed to those assets and liabilities for taxation purposes.

Deferred tax liabilities are recognised for all taxable temporary differences and deferred tax assets are recognised for all deductible temporary differences and unabsorbed tax losses and unused tax credits to the extent that it is probable that future taxable profit will be available against which the assets can be utilised.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and is reduced to the extent that it is no longer probable that the related tax benefits will be realised.

Tax rates enacted or substantively enacted at the end of the reporting period are used to determine deferred tax.

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 they relate to income taxes levied by the same taxation authority and the Association intends to settle its current tax assets and liabilities on a net basis.

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3.11 Fair Value Measurement

For assets, liabilities and equity instruments (whether financial or non-financial items) that require fair value measurement or disclosure, the Association establishes a fair value measurement hierarchy that gives the highest priority to quoted prices (unadjusted) in active markets for identical assets, liabilities or equity instruments and the lowest priority to unobservable inputs.

A fair value measurement of an item is estimated using a quoted price in an active market if that price is observable. The active market is the principal market for the asset or liability or, in the absence of a principal market, the most advantageous market for the asset or liability; and for which the group can enter into a transaction for the asset or liability at the price in that market at the measurement date.

In the absence of an active market price, the fair value of an item is estimated by an established valuation technique using inputs from the market place that are observable for substantially the full term of the asset or liability.

In the absence of both market price and observable inputs, a fair value measurement of an item is estimated by an established valuation technique using unobservable inputs, including internally developed assumptions that are reasonable and supportable.

4. JUDGEMENT AND ESTIMATION UNCERTAINTY

The preparation of financial statements in conformity with the Malaysian Private Entities Reporting Standard requires management to exercise their judgement in the process of applying the Association's accounting policies and which may have significant effects on the amounts recognised in the financial statements. It also requires the use of accounting estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the results reported for the reporting period and that may have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year. Although these judgements and estimates are based on the management's best knowledge of current events and actions, actual results may differ.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

In the process of applying the Association's accounting policies, which are described in Note 3, the management is of the opinion that any instances of application of judgement are not expected to have significant effect on the amounts recognised in the financial statements and there were not any significant key accounting estimates or assumptions that would have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities within the next financial year.

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5. PLANT AND EQUIPMENT

<u>Cost</u>	Office equipment RM	Furniture and fittings RM	Computer and software RM	Capital Work-in- progress RM	Renovation RM	Total RM
At the beginning of year	27,668	8,988	32,040	162,295	-	230,991
Additions	2,461	-	2,899	-	127,941	133,301
Disposals	(301)	(4,728)	-	-	-	(5,029)
Written off	-	-	(100)	-	-	(100)
Reclassification	5,364	225,715	-	(162,295)	(68,784)	-
At the end of year	35,192	229,975	34,839	-	59,157	359,163
<u>Accumulated Depreciation</u>						
At the beginning of year	14,300	8,074	25,300	-	-	47,674
Depreciation	3,377	15,945	1,742	-	11,831	32,895
Disposals	(280)	(4,110)	-	-	-	(4,390)
Written off	-	-	(100)	-	-	(100)
At the end of year	17,397	19,909	26,942	-	11,831	76,079
<u>Carrying Amount</u>						
At 31 December 2022	17,795	210,066	7,897	-	47,326	283,084
At 31 December 2021	13,368	914	6,740	162,295	-	183,317

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6. INTANGIBLE ASSETS

	Mobile Application and Portal RM	Self-service membership Portal RM	Total RM
<u>Cost</u>			
At the beginning of year	76,670	38,690	115,360
Reclassification	38,690	(38,690)	-
At the end of year	<u>115,360</u>	<u>-</u>	<u>115,360</u>
<u>Accumulated Amortisation</u>			
At the beginning of year	54,890	645	55,535
Charge for the financial year	23,071	-	23,071
Reclassification	645	(645)	-
At the end of year	<u>78,606</u>	<u>-</u>	<u>78,606</u>
Carrying amount at 31 December 2022	<u>36,754</u>	<u>-</u>	<u>36,754</u>
Carrying amount at 31 December 2021	<u>21,780</u>	<u>38,045</u>	<u>59,825</u>

Intangible assets are amortised on the straight-line basis over five (5) years, the period in which the assets are expected to generate economic benefits.

7. DEPOSITS AND PREPAYMENTS

	2022 RM	2021 RM
Deposits	38,363	50,123
Prepayments	895	124
	<u>39,258</u>	<u>50,247</u>

8. CASH AND CASH EQUIVALENTS

	2022 RM	2021 RM
Cash on hand	1,007	-
Bank balances	139,052	564,146
	<u>140,059</u>	<u>564,146</u>

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9. ACCUMULATED FUNDS

	2022 RM	2021 (Restated) RM
At the beginning of the year	678,725	814,854
Deficit for the year	<u>(272,231)</u>	<u>(136,129)</u>
At the end of the year	<u><u>406,494</u></u>	<u><u>678,725</u></u>

10. OTHER PAYABLES AND ACCRUALS

	2022 RM	2021 (Restated) RM
Other payables	18,126	98,061
Accruals	<u>24,995</u>	<u>47,655</u>
	<u><u>43,121</u></u>	<u><u>145,716</u></u>

11. ANNUAL FEES

	2022 RM	2021 RM
- Members	156,630	147,000
- Associates	<u>43,730</u>	<u>28,600</u>
	<u><u>200,360</u></u>	<u><u>175,600</u></u>

Annual fees represent fees received from members and associate on a yearly basis to the Association.

12. TAXATION

	2022 RM	2021 RM
Current year	<u>-</u>	<u>-</u>

Tax is levied on the chargeable income at graduated rates.

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12. TAXATION (CONTINUED)

Numerical reconciliation between tax applicable on loss before taxation at the statutory tax rate and tax expense is as follows:

	2022 RM	2021 RM
Deficit of income over expenditure before tax	<u>(272,231)</u>	<u>(136,129)</u>
Tax at 24% (2021: 24%)	(65,335)	(32,671)
Tax effects of:		
- income exempted from tax	(4,380)	(1,560)
- expenses not allowable for tax purposes	36,697	20,746
Deferred tax assets not recognised during the year	<u>33,018</u>	<u>13,485</u>
Tax expense	<u>-</u>	<u>-</u>

Deferred tax assets have not been recognised in respect of the following temporary differences:

	2022 RM	2021 (Restated) RM
Plant and equipment	(140,597)	(114,626)
Unabsorbed tax losses	338,108	212,974
Unutilised capital allowances	<u>75,360</u>	<u>36,948</u>
	<u>272,871</u>	<u>135,296</u>

Pursuant to new law gazetted, the ability to carry forward unutilised tax losses is restricted to a maximum period of ten consecutive Year of Assessment ("YA"), effective YA 2019 and will expire as follows:

	2022 RM	2021 RM
Expire on 31 December 2031	125,134	-
Expire on 31 December 2030	<u>212,974</u>	<u>212,974</u>
	<u>338,108</u>	<u>212,974</u>

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13. STAFF COSTS (INCLUDING KEY MANAGEMENT PERSONNEL)

	2022	2021 (Restated)
	RM	RM
<u>Short Term Benefits</u>		
Salaries, allowances and bonus	321,791	359,613
SOCSSO and EIS benefits	3,831	3,485
Staff welfare and sundry expenses	8,642	3,087
	<u>334,264</u>	<u>366,185</u>
<u>Defined Contribution Plan</u>		
Contributions to EPF	77,420	43,553
	<u>411,684</u>	<u>409,738</u>
Staff costs are paid/payable to:		
Employees of the Association	<u>411,684</u>	<u>409,738</u>

14. KEY MANAGEMENT PERSONNEL COMPENSATION

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the Association, directly or indirectly. The key management personnel of the Association is the Chief Executive Officer and the compensation for the financial year, included in staff costs in Note 13, is as below:

	2022	2021
	RM	RM
Key management personnel compensation:		
Salaries	201,000	180,000
EPF, SOCSSO & EIS	25,642	22,523
	<u>226,642</u>	<u>202,523</u>

15. CAPITAL COMMITMENT

	2022	2021
	RM	RM
Acquisition of renovation works:		
Approved and contracted for	<u>-</u>	<u>127,484</u>

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16. LEASE COMMITMENT

Operating lease - the Association as a lessee

The Association leases office premises. The lease typically runs for periods ranging from 1 to 2 years with option to renew the lease after expiry date. The future minimum lease payments under non-cancellable operating leases are as follows:

	2022 RM	2021 RM
Future minimum lease payments:		
Not later than 1 year	105,332	105,332
Later than 1 year but not later than 3 years	61,443	166,775
	<u>166,775</u>	<u>272,107</u>

17. FINANCIAL INSTRUMENTS

A financial instrument is any contract that gives rise to both a financial asset of one enterprise and a financial liability or equity instrument of another enterprise.

Financial assets of the Association include subscriptions receivable and deposits. Financial liabilities of the Association include are other payables and accruals.

The Association's financial instruments are categorised as follows:

(a) Financial assets measured at amortised cost

	2022 RM	2021 (Restated) RM
Subscription receivable	83,109	73,329
Deposits	38,363	50,123
	<u>121,472</u>	<u>123,452</u>

(b) Financial liabilities measured at amortised cost

	2022 RM	2021 (Restated) RM
Other payables and accruals	43,121	145,716
	<u>43,121</u>	<u>145,716</u>

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18. COMPARATIVE INFORMATION

The classification of certain items in the financial statements is changed in the current period. The Council Members consider the changes are more appropriate for fair presentation of the financial statements. The following comparative information has been reclassified in conformity with the current period presentation and classification:

Impact on Statement of Financial Position as at 31 December 2021

	Reported previously RM	Re-classification RM	Restated RM
Subscriptions receivable	79,711	(6,382)	73,329
Subscriptions in advance	58,678	48,386	107,064
Other payables and accruals	208,843	(63,127)	145,716

Impact on Statement of Income and Expenditure for the year ended 31 December 2021

	Reported previously RM	Re-classification RM	Restated RM
Staff welfare and sundry expenses	45	3,042	3,087
Stamp duty	-	822	822
Others	3,864	(3,864)	-
Other income: Vendor refund	-	14,741	14,741
Expenditure: Subscriptions written-off	-	6,382	6,382

Impact on Statement of Cash Flows for the year ended 31 December 2021

	Reported previously RM	Re-classification RM	Restated RM
Changes in subscriptions receivable	(11,484)	6,382	(5,102)
Changes in subscriptions in advance	(28,949)	48,386	19,437
Changes in other payables and accruals	154,431	(63,127)	91,304

19. AUTHORISATION OF FINANCIAL STATEMENTS

The financial statements were authorised for issue by the Council Members on 29 March 2023.
