

The Treasurer's Report **2021**

Summary of Financial Statements as
at 30 December 2021

Reports & Financial Statements for
the year ended 31 December 2021

Treasurer's Remarks

The year 2021 had been an extremely challenging year for the money services business industry with the serious impact of the Covid-19 Pandemic, Movement Control Order (MCO), borders were closed, many businesses sectors at standstill, etc.

Despite the headwinds in the business sectors, the Association reported an income of RM568,286 in FY2021, a 45% increase compared to RM393,091.00 in FY2020. Accordingly, the expenditure had increased by 29% to RM712,774 compared to RM553,478.00 a year ago.

Nonetheless, the Association experienced a deficit of income over expenditure of RM144,488.00 in FY2021 compared to the previous year RM160,387.00 in FY2020, a decrease of 10%.

Over the year 2021, excluding depreciation and amortization, the total operating expenses that approximate the cash expenses are RM531,790 and RM690,930 in FY2020 and FY2021 respectively. After considering the total income, the net "cash" losses are RM138,699 and RM122,644 in FY2020 and FY2021 respectively. The total net "cash" loss for this two FYs is approximately RM261,343.

Major sources of incremental revenue are the sale of window glass stickers for RM99,945, GOCO training of RM163,305, and an annual fee of RM175,600. However, major sources of incremental expenses are staff costs (including EPF and SOCSO) of RM406,651 training expenses of RM33,052, rental of premises of RM46,400, and traveling expenses of RM30,493. The increase in expenses of RM159,296 coupled with an increase in the total income of RM175,195 eventually leads to a lower net loss in FY2021 as compared to FY2020 by approximately RM15,899.

Through the training's income and expenditure pattern, it is noted that the training cost as a % of income is 40% and 21% respectively in FY2020 and FY2021. More studies should be conducted to analyse whether such a cost structure is reasonable in view of the implementation of virtual training for a few modules which is supposedly a lower-cost model.

Summary of MAMSB Financial Performance

since registration on 22 August 2013

	12 months						4 months		
	2021	2020	2019	2018	2017	2016	2015	2014	2013
Revenue	568,286	393,091	922,644	950,114	1,678,876	1,628,458	1,537,443	918,793	878,053
Expenditure	712,774	553,478	798,329	1,291,899	1,810,378	1,492,018	1,191,588	681,086	134,196
Surplus Before Taxation	144,488-	160,387-	124,315	341,785-	131,502-	136,440	345,855	237,707	743,857
Taxation	-	174	-	1,550	1,912	30,980	64,347	44,507	-
Surplus or Deficit After Taxation	144,488-	160,561-	124,315	343,335-	129,590-	105,460	281,508	193,200	743,857
Accumulated Fund	670,366	814,854	975,415	851,100	1,194,435	1,324,025	1,218,565	937,057	743,857
Non-Current Liabilities	-	-	-	-	-	-	-	-	-
Property, Plant & Equipment	243,142	93,323	81,811	71,579	27,858	19,783	24,613	24,579	26,298
Intangible Assets	-	-	-	-	-	-	-	-	-
Investments	-	-	-	-	-	-	-	-	-
Deferred Tax Asset	-	-	-	-	-	-	-	-	-
Total Non-Current Assets	243,142	93,323	81,811	71,579	27,858	19,783	24,613	24,579	26,298
Current Assets	694,745	863,570	1,039,319	891,332	1,226,502	1,373,033	1,551,516	1,077,508	928,963
Current Liabilities	267,521	142,039	145,715	111,811	59,925	49,008	357,564	165,030	211,404
Net Current Assets	427,224	721,531	893,604	779,521	1,166,577	1,324,025	1,193,952	912,478	717,559
Net Assets	670,366	814,854	975,415	851,100	1,194,435	1,343,808	1,218,565	937,057	743,857
Current Ratio	2.6	6.1	7.1	8.0	20.5	28.0	4.3	6.5	4.4
Cash & Cash Equivalent Balance	564,146	780,502	715,936	678,906	942,300	1,239,214	1,493,132	1,053,648	915,463
Increase/ (Decrease) %	-28%	9%	5%	-28%	-24%	-17%	42%	15%	nil

Reports & Financial Statements for the year ended 31 December 2021

Corporate Information

The Council

President

Jadeline Exchange Sdn Bhd
Dato' Sri Jajakhan Bin Kader Gani

Vice President

President

Akbar Money Changer Sdn Bhd
Akbar Batcha Bin Mohamed Shamsuddin

Secretary

President

Lifetime Link Sdn Bhd
Siti Safina Binti Seenii Natharali

Treasurer

President

TML Remittance Center Sdn Bhd
Lim Poh Boon

Council Members

IME (M) Sdn Bhd
Espen Kristensen

Munawarah Exchange Sdn Bhd
Mohd Sani Bin Mohamed Ismail

E-G/obex Sdn Bhd
Chong Hui Yee

Triple Trillion Sdn Bhd
Umar Farook Bin Othman

Akar Warisan Sdn Bhd
Analisa Yin Binti Abdullah

EZ Money Express Sdn Bhd
Lim Ching Seng

Registered Office

Unit 3A01, 3A Floor,
Lobby 1, Block C, Damansara Intan, No.1, Jalan
SS20/27, 47400 Petaling Jaya Selangor, Malaysia

Auditors

Folks DFK & Co.
(AF: 0502)
Chartered Accountants

Functional and Presentation Currency

Ringgit Malaysia (RM)

Statement of Financial Position

as at 31 December 2021

		2021	2020
	Note	RM	RM
Assets			
Non Current Assets			
Property, Plant And Equipment	5	183,317	22,289
Intangible Assets	6	59,825	71,034
		<u>243,142</u>	<u>93,323</u>
Current Assets			
Subscriptions Receivable		79,711	68,227
Deposits And Prepayment	7	50,247	14,200
Tax Recoverable		641	641
Fixed Deposits Placed With A Licensed Bank	8	-	700,951
Cash And Bank Balances		564,146	79,551
		694,745	863,570
Total Assets		<u>937,1887</u>	<u>956,1893</u>
Accumulated Funds And Liabilities			
Accumulated Funds			
Balance At 1 January		814,854	975,415
Deficit		(144,488)	(160,561)
Balance At 31 December	9	<u>670,366</u>	<u>814,854</u>
Current Liabilities			
Subscriptions In Advance		58,678	87,627
Other Payables And Accruals	10	208,843	54,412
		267,521	142,039
Total Funds And Liabilities		<u>937,887</u>	<u>9,561,893</u>

Statement of Income and Expenditure for the Year Ended 31 December 2021

		2021	2020
	Note	RM	RM
Income			
Annual fee	12	175,600	183,800
Accreditation programme		-	1,200
Administration fee		41,400	46,200
Entrance fee		6,250	4,900
Entrance fee		6,511	21,869
Fixed deposits interest income		163,305	70,450
Training fee		69,275	17,902
Public & special revenue		99,945	33,570
Sale of window glass stickers		6,000	13,200
Wages subsidy		<u>568,286</u>	<u>393,091</u>
Less: Expenditure			
Amortisation of intangible assets		15,979	15,334
Annual general meeting expenses		-	34,762
Auditors' remuneration - current year		13,000	8,000
- underprovision in prior year		5,000	900
Bank charges		991	1,304
Depreciation on property, plant and equipment		5,865	6,354
Entertainment		4,588	107
EPF, SOCSO & EIS contributions		47,038	37,894
Facilities rental		17,490	2,700
Fine & penalty		340	-
Gift and souvenir		1,397	3,880
Office cleaning		-	3,378
Office refreshment		-	181
Office service charge		4,660	-
Maintenance fee		17,770	3,265
Meeting expenses		-	170
Petty cash written off		490	-
Postages and courier services		5,173	16,600
Printing and stationery		25,408	18,306
Professional fee		8,652	1,125
Public relation expenses		1,150	-
Registration fee		-	1,000
Rental of office equipment		2,280	4,080
Rental of premises		46,400	44,400
Salaries, allowances and bonus		359,613	272,123
Staff recruitment and advertisement		-	399
Staff welfare and sundry expenses		45	580
Subscription fee		9,267	13,504
Balance c/f		<u>592,596</u>	<u>490,345</u>

Statement of Income and Expenditure for the Year Ended 31 December 2021-continue

		2021	2020
	Note	RM	RM
Less: Expenditure			
Balance b/f		592,596	490,345
Tax services fees		3,413	3,710
Telephone charges		6,265	10,883
Trade receivables written off		18,338	-
Training expenses - current year		33,052	27,94
- overprovision in prior year		-	(17,038)
Transaction fee		199	2,346
Transportations		5,655	5,155
Travelling expenses - current year		30,493	8,645
- overprovision in prior year		-	(1,950)
Upkeep of office, computer and software		7,416	6,522
Upkeep of premises		4,003	6,226
Utilities		7,480	10,693
Others		3,864	-
		<u>712,774</u>	<u>553,478</u>
Deficit of Income Over Expenditure		(144,488)	(160,387)
Less: Taxation	14	-	(174)
Loss For The Year		(144,488)	(160,561)

Statement of Cash Flows

for the Year Ended 31 December 2021

	2021	2020
	RM	RM
CASH FLOWS FROM OPERATING ACTIVITIES		
Deficit of income over expenditure	(144,488)	(160,387)
Adjustments:		
Amortisation of intangible assets	15,979	15,334
Depreciation on property, plant and equipment	5,865	6,354
Interest income on short term deposits and bank balances	(6,511)	(21,869)
Deficit before changes in working capital	<u>(129,155)</u>	<u>(160,568)</u>
Changes in working capital :-		
(Increase)/decrease in subscriptions receivable	(11,484)	
(Increase)/decrease in sundry receivables and deposits	(36,047)	204,553
Increase/(decrease) in subscriptions in advance	(28,949)	(3,676)
Increase/(decrease) in sundry payables and accruals	(154,431)	-
Cash {used in}/generated from operations	<u>(51,204)</u>	<u>40,309</u>
Tax refund	-	35,588
Net cash (used in)/generated from operating activities	<u>(51,204)</u>	<u>(75,897)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property, plant and equipment	(166,893)	-
Purchase of intangible asset	(4,770)	(33,200)
Interest received	6,511	21,869
Net cash used in investing activities	<u>(165,152)</u>	<u>(11,331)</u>
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS DURING THE YEAR	(216,356)	64,566
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	780,502	715,936
CASH AND CASH EQUIVALENTS AT END OF YEAR	<u>564,146</u>	<u>780,502</u>
CASH AND CASH EQUIVALENTS COMPRISE:-		
Short term deposits	-	700,951
Cash and bank balances	564,146	79,551
	<u>564,146</u>	<u>780,502</u>

Notes to The Financial Statements - 31 December 2021

1. General Information

Persatuan Perniagaan Perkhidmatan Wang Malaysia (the “Association”) was established pursuant to the Societies Act 1966 on 22 August 2013.

The address of the registered office of the Association and its principal place of business is Unit 3A01, Floor 3A, Lobby 1, Block C, Damansara Intan, No. 1, Jalan SS20/27, 47400, Petaling Jaya, Selangor, Malaysia.

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”).

The Association had 4 employees at the end of the financial year (2020: 4).

The financial statements of the Association were authorised for issue by the council members in accordance with a resolution of the council members on 10 March 2022.

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 of the Association are prepared under the historical cost convention unless otherwise indicated in the summary of significant accounting policies.

The accounting policies disclosed below are consistent with those applied in the previous financial year.

3. Significant Accounting Policies

3.1 Property, Plant and Equipment

Property, plant and equipment are measured at cost less accumulated depreciation and accumulated impairment losses. Cost includes

expenditure that is directly attributable to the acquisition of the asset.

The cost of replacing part of an item of property, plant and equipment is recognised in the carrying amount of the item or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Association and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are recognised in statement of income and expenditure during the financial period in which they are incurred.

Work in progress is not depreciated.

Property, plant and equipment are depreciated on the straight-line basis so as to write off the cost of the assets to their residual values over their estimated useful lives. The annual depreciation rates used are as follows :-

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

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. Property 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 property, 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 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 in profit or loss.

3.4 Financial Instruments

Initial recognition and measurement

The Association recognises a financial asset or a financial liability (including derivative instruments) in the statement of financial position when, and only when, an entity in the Association becomes a party to the contractual provisions of the instrument.

On initial recognition, all financial assets and financial liabilities are 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 profit or loss when incurred.

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.

Other than financial assets measured at fair value through profit or loss, all other financial assets are subject to review for impairment.

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.

Derecognition of financial instruments

A financial asset is derecognised when, and only when, the contractual rights to receive the cash flows from the financial asset expire, or when the Association transfers the contractual rights to receive cash flows of the financial asset, including circumstances when the Association 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 when, and only when, it is legally extinguished, which is either when the obligation specified in the contract is discharged or cancelled or expires. 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.

Fair value measurement of financial instruments

The fair value of a financial asset or a financial liability is determined by reference to the quoted market price in an active market, and in the absence of an observable market price, by a valuation technique as described in Note 3.11.

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.

Impairment of financial assets

An amount of impairment loss in respect of financial assets measured at amortised cost 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, i.e., the effective rate computed at initial recognition. The carrying amount of the asset is reduced through an allowance account. The amount of loss is recognised in statement of income and expenditure.

An amount of impairment loss in respect of financial assets carried at cost is measured as the difference between the carrying amount of the financial asset and the best estimate of the amount (which might be zero) that the Association would receive for the asset if it were to be sold at the reporting date.

If in a subsequent period the amount of the impairment loss on financial assets decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed by adjusting the allowance account to the extent that the carrying amount of the financial asset does not exceed its amortised cost had the impairment not been recognised at the date the impairment is reversed. The amount of reversal is recognised in statement of income and expenditure.

3.5 Leases

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

Operating Lease

Operating lease payments are recognised as expenses in profit or loss on a straight line basis over the period of the relevant leases.

3.6 Provisions

Provisions are recognised when the Company 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 cost.

3.7 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.

3.8 Employee Benefits

Short-term employee benefits

Salaries, allowances, overtime, bonuses and other short term benefits are measured at the undiscounted amount of benefits expected to be paid in exchange for the services rendered by employees

Post-employment benefits

The Association has a post-employment benefits scheme in accordance with local practice in Malaysia.

A defined contribution plan is a pension plan under which the Association pays fixed contributions into a separate entity (a fund) and will have no legal constructive obligations to pay further contributions if the fund does not hold sufficient assets to pay all employee benefits relating to employee service in the current and prior periods.

3.9 Taxation

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.

3.10 Cash and Cash Equivalents

Cash represents cash and bank balances while cash equivalents are short term, highly liquid placements that are readily convertible to cash with insignificant risk of changes in value.

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.

3.12 Cash and Cash Equivalents

Cash equivalents are short term, highly liquid placements that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

4. Critical Accounting Judgements and Key Sources of 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.

5. Property and Equipment

	Office Equipment	Furniture & Fittings	Computer & Software	Capital Work -in-progress	Total
	RM	RM	RM	RM	RM
Cost					
At 1 January 2020	27,668	8,988	27,442	-	64,098
Additions	-	-	-	-	-
At 31 December 2020	27,668	8,988	27,442	-	64,098
Additions	-	-	4,598	162,295	166,893
	<u>27,668</u>	<u>8,988</u>	<u>32,040</u>	<u>162,295</u>	<u>230,991</u>
Less : Accumulated Depreciation					
At 1 January 2020	8,768	6,277	20,410	-	35,455
Charge for the year	2,767	898	2,689	-	6,354
At 31 December 2020	11,535	7,175	23,099	-	41,809
Charge for the year	2,765	899	2,201	-	5,865
At 31 December 2021	14,300	8,074	25,300	-	47,674
Net Book Value at 31 December 2020	16,133	1,813	4,343	-	22,289
Net Book Value at 31 December 2021	13,368	914	6740	162,295	183,317

6. Intangible Assets

	Mobile Application	Self- Membership	Work-in -progress	Total
	RM	RM	RM	RM
Cost				
At 1 January 2020	64,670	-	12,720	77,390
Additions	12,000	-	21,200	33,200
At 31 December 2020	76,670	-	33,920	110,590
Additions	-	-	4,770	4,770
Reclassification	-	<u>38,690</u>	<u>(38,690)</u>	-
At 31 December 2021	76,670	38,690	-	115,360
Accumulated Amortisation				
At 1 January 2020	24,222	-	-	24,222
Charge for the year	15,334	-	-	15,334
At 31 December 2020	39,556	-	-	39,556
Charge for the year	15,334	645	-	15,979
At 31 December 2021	54,890	645	-	55,535
Net Book Value at 31 December 2020	37 114	-	-	71 034
Net Book Value at 31 December 2021	21,780	38,045	-	59,825

7. Deposits and Prepayment

	2021	2020
	RM	RM
Deposits	50,123	14,200
Prepayment	124	-
	<u>50,247</u>	<u>14,200</u>

8. Short Term Deposits

	2021	2020
	RM	RM
Placed with licensed banks	-	<u>700,951</u>

The interests of short term deposits earned during the year were calculated at rates ranging from 1.50% to 1.70% (2020: 1.10% to 2.93%) per annum.

The short term deposits were withdrawn during the year. The maturity period of deposits in the previous year ranged from 1 to 12 months.

9. Accumulated Fund

	2021	2020
	RM	RM
At the beginning of the year	814,854	975,415
Deficit for the year	(144,488)	(160,561)
At the end of the year	<u>670,366</u>	<u>814,854</u>

10. Other Payables & Accruals

	2021	2020
	RM	RM
Other payables	151,278	43,162
Accruals	47,655	11,250
Deposit received	9,910	-
	<u>208,843</u>	<u>54,412</u>

11. Deferred Taxation

Deferred tax assets have not been recognised in respect of the following unutilised capital allowances and unabsorbed tax losses because it is uncertain that future tax profits will be available against which the Association can utilise the benefits therefrom. :-

	2021	2020
	RM	RM
Unabsorbed tax losses	222,122	<u>224,708</u>

12. Annual Fees

	2021	2020
	RM	RM
Members	147,000	153,000
Associate	28,600	30,800
	<u>175,600</u>	<u>183,800</u>

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

13. Staff Costs

	2021	2020
	RM	RM
Short Term Benefits		
Salaries, allowances and bonus	359,613	272,123
SOCSSO and other benefits	3,485	2,626
	<u>363,098</u>	<u>274,749</u>
Defined Contribution Plan		
Contributions to EPF	43,553	35,268
	<u>175,600</u>	<u>310,017</u>
Staff costs are paid/payable to:		
Other staff	<u>406,651</u>	<u>310,017</u>

14. Taxation

	2021	2020
	RM	RM
Underprovision of taxation in prior year	-	<u>174</u>

Tax is levied on the chargeable income at graduated rates.

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

	2021	2020
	RM	RM
Loss before tax	(144,488)	(160,387)
Tax at 24% (2020: 24%)	(34,677)	(38,493)
Tax effect of:		
- income exempted from tax	(1,500)	(1,176)
- expenses not allowable for tax purposes	22,452	10,885
Underprovision of taxation in prior year	-	174
Deferred tax assets not recognized during the year	13,725	28,784
Tax expense	-	174

Subject to agreement with the Inland Revenue Board, the Association has the following estimated unabsorbed tax losses and unutilised capital allowances which can be used to set-off against future taxable income:-

	2021	2020
	RM	RM
Unabsorbed tax losses	214,622	231,911
Unutilised capital allowances	27,476	23,397
	<u>242,098</u>	<u>255,308</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.

The unabsorbed tax losses, unutilised capital allowances and other deductible temporary differences of the Association are available for offsetting against future taxable surplus of the Association, subject to no substantial change in shareholdings of the Association under Income Tax Act, 1967 and guidelines issued by the tax authority, as follows :-

	2021	2020
	RM	RM
Indefinite	27,476	23,397
- within 5 years from recognition	133,569	133,569
- within 10 years from recognition	81,053	98,342
	<u>242,098</u>	<u>255,308</u>

15. 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 of the Association is the Chief Executive Officer and the compensation for the year is as below:

	2021	2020
	RM	RM
Key management personnel compensation:	180,000	176,839
Salaries	22,523	22,988
EPF, SOCSO & EIS	<u>202,523</u>	<u>199,187</u>

16. Capital Commitment

	2021	2020
	RM	RM
Acquisition of intangible assets: Approved and contracted for	-	21,200
Acquisition of renovation works: Approved and contracted for	28,600 <u>127,484</u>	30,800 -

17. 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 as follows:

	2021	2020
	RM	RM
Future minimum lease payments: Not later than 1 year	<u>74,237</u>	<u>42,000</u>

18. 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 cash and bank balances, receivables and short term deposits.

Financial liabilities of the Association include other payables and accruals.

The Association's financial instruments are categorised as follows :-

(a) Financial assets measured at amortised cost

	2021	2020
	RM	RM
Subscription receivables	79,711	68,227
Deposits and prepayment	50,247	14,200
Short term deposits	-	700,951
Cash and bank balances	564,146	79,551
	<u>694,104</u>	<u>862,929</u>

(b) Financial liabilities measured at amortised cost

	2021	2020
	RM	RM
Subscriptions in advance	58,678	87,627
Other payables and accruals	208,843	54,412
	<u>267,521</u>	<u>142,039</u>

Statement By Council Members

In the opinion of the Council Members, the financial statements set out on pages 1 to 16 are drawn up in accordance with Malaysian Private Entities Reporting Standard and the requirements of the Societies Act 1966, so as to give a true and fair view of the financial position of Persatuan Perniagaan Perkhidmatan Wang Malaysia as at 31 December 2021 and of its financial performance and cash flows for the year then ended on that date.

On behalf of the Council Members,

Dato' Sri Jajakhan Bin Kader Gani
President

Lim Poh Boon
Honorary Treasurer

Independent Auditors' Report to The Members of Persatuan Perniagaan Perkhidmatan Wang Malaysia

(Malaysian Association of Money Services Business)

(Rujukan PPM: PPM-001-10-22082013)

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Persatuan Perniagaan Perkhidmatan Wang Malaysia, which comprise the statement of financial position as at 31 December 2021, and the statement of income and expenditure and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages 5 to 16.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Association as at 31 December 2021, and of its financial performance and its cash flows for the year then ended in accordance with Malaysian Private Entities Reporting Standard and the requirements of the Societies Act, 1966 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 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' International Code of Ethics for Professional Accountants (including International Independence Standards) ("IESBA Code"), and we have fulfilled our other ethical responsibilities in accordance with the By-Laws and the IESBA Code.

Responsibilities of the Council Members for the Financial Statements

The Council Members of the Association are responsible for the preparation of financial statements of the Association that give a true and fair view in accordance with Malaysian Private Entities Reporting Standard and the requirements of the Societies Act, 1966 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 of the Association that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements of the Association, the Council Members 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 liquidate 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.

As part of an audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing, we exercise professional judgement and maintain professional skepticism throughout the audit. We also:

Identify and assess the risks of material misstatement of the financial statements of the 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.

Conclude on the appropriateness of the council members' 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.

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.

We communicate with the Council Members 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 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.