

## 综合基金

### CONSOLIDATED FUND

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# 吉隆坡暨雪兰莪中华总商会

THE CHINESE CHAMBER OF COMMERCE AND INDUSTRY OF KUALA LUMPUR AND SELANGOR

## 综合基金

### CONSOLIDATED FUND

#### 声明

#### STATEMENT BY THE COUNCIL

In the opinion of the Council, the financial statements set out on pages 73 to 92 have been drawn up in accordance with Malaysian Private Entity Reporting Standards so as to give a true and fair view of the financial position of the Consolidated Fund of the Chamber as at 31 December 2017 and of its income and expenditure, and of the cash flows of the Consolidated Fund of the Chamber for the financial year then ended.

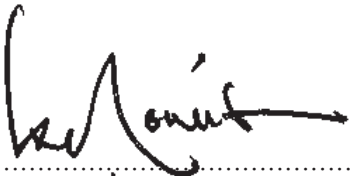
On behalf of the Council,



PRESIDENT  
TAN SRI DATUK TER LEONG YAP



HONORARY SECRETARY GENERAL  
DATO' TAN TIAN MENG



HONORARY TREASURER  
DATO' BONG HON LIONG

Kuala Lumpur  
22 March 2018



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**独立审计师报告**  
**INDEPENDENT AUDITORS' REPORT**  
**TO THE MEMBERS OF THE CHINESE CHAMBER OF**  
**COMMERCE AND INDUSTRY OF KUALA LUMPUR AND SELANGOR**  
**- CONSOLIDATED FUND**

**Report on the Audit of the Financial Statements**

**Opinion**

We have audited the financial statements of Consolidated Fund of the Chinese Chamber of Commerce and Industry of Kuala Lumpur and Selangor ("the Chamber"), which comprise the statement of financial position as at 31 December 2017 of the Consolidated Fund of the Chamber, its statement of income and expenditure, and statement of cash flows of the Consolidated Fund of the Chamber for the financial year then ended, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages 73 to 92.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of Consolidated Fund of the Chamber as at 31 December 2017, and of its financial performance and their cash flows for the year then ended in accordance with Malaysian Private Entities Reporting Standard ('MPERS').

**Basis for Opinion**

We conducted our audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing ('ISAs'). 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 Chamber 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.

**Council Members' Responsibility for the Financial Statements**

The Council Members of the Chamber are responsible for the preparation of financial statements of Consolidated Fund of the Chamber that give a true and fair view in accordance with MPERS. The Council Members are also responsible for such internal control as the Council Members determine are necessary to enable the preparation of financial statements of the Chamber that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements of Consolidated Fund of the Chamber, the Council Members are responsible for assessing the Chamber'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 Chamber, or to cease operations, or has 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 Consolidated Fund of the Chamber 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 ISAs 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 consolidated financial statements.

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

- (a) Identify and assess the risks of material misstatement of the financial statements of Consolidated Fund of the Chamber, 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.
- (b) 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 internal control of the Chamber.
- (c) Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Council Members.
- (d) Conclude on the appropriateness of 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 Chamber'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 Consolidated Fund of the Chamber 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 Chamber to cease to continue as a going concern.
- (e) Evaluate the overall presentation, structure and content of the financial statements of Consolidated Fund the Chamber, including the disclosures, and whether the financial statements of Consolidated Fund of the Chamber 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 Chamber, as a body, and for no other purpose. We do not assume responsibility to any other person for the content of this report.

**BDO**

**BDO**

AF : 0206

Chartered Accountants

Kuala Lumpur

22 March 2018

## 综合基金

## CONSOLIDATED FUND

## 截至2017年12月31日止财务状况表

## STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2017

	NOTE	2017 RM	2016 RM
<b>Non-current Assets 非流动资产</b>			
Property, plant and equipment 产业、厂房及配备	7	3,646,710	3,783,502
Deferred tax assets 递延税务资产	8	22,648	64,407
		3,669,358	3,847,909
<b>Current Assets 流动资产</b>			
Trade and other receivables 应收账款	9	823,485	845,320
Current tax assets 税收资产		-	57,268
Fixed deposits with a licensed bank 定期存款	10	3,564,102	3,085,319
Cash and bank balances 现金及银行存款	10	214,673	298,398
		4,602,260	4,286,305
<b>TOTAL ASSETS 总资产</b>		<b>8,271,618</b>	<b>8,134,214</b>
<b>ACCUMULATED FUND AND LIABILITIES 累积基金及负债</b>			
<b>Accumulated Fund 累积基金</b>			
Accumulated Surplus 累积盈余	11	3,075,157	3,808,192
Building Fund 会所基金	12	2,533,878	2,533,878
Donation Fund 捐款	13	866,000	866,000
		6,475,035	7,208,070
<b>Current Liabilities 流动负债</b>			
Sundry payables, deposits and accruals 应付账款	14	1,783,446	917,685
Current tax liabilities 税务		4,668	-
Current account with : 应付 Council Members - advertisement 董事联名登报费		8,469	8,459
<b>TOTAL LIABILITIES 总负债</b>		<b>1,796,583</b>	<b>926,144</b>
<b>TOTAL ACCUMULATED FUND AND LIABILITIES</b>			
总累积基金及负债		8,271,618	8,134,214

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

## 综合基金

## CONSOLIDATED FUND

## 2017 年度收支平衡表

## STATEMENT OF INCOME AND EXPENDITURE

## FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017

	NOTE	2017 RM	2016 RM
<b>INCOME 收入</b>			
Bad debt recovered 呆账收回		5,850	-
Chinese New Year donation 农历新年捐款		69,026	58,400
Donation received 捐款		-	2,200
Fees received from certificate of origin 原产地证明书收费		67,010	74,764
Interest on fixed deposits and money market deposits 定期存款及短期基金利息		113,671	127,614
Mahua Literature Award 马华文学奖		-	20,406
Management fees received for maintaining Wisma Chinese Chamber 大厦管理行政费		290,226	289,685
Members entrance fees 会员入会基金		11,400	23,400
Parking fees 停车场收入		233,067	213,319
Rental income 租金收入		333,723	464,896
Subscriptions 会费		577,113	595,565
Sundry income 杂项收入		42,112	29,616
Surplus from other activities 其他活动盈余	15	301,766	305,379
		<b>2,044,964</b>	<b>2,205,244</b>

## LESS: EXPENDITURE 开销

Advertisement 广告费		(2,275)	(642)
Annual General Meeting expenses 会员大会费用		4,320	5,773
Auditors' remuneration 审计费:			
- current year		12,700	12,700
- under provision in prior year		-	700
Bank charges 银行费用		1,007	880
Cleaning charges 清洁费		10,480	10,030
Computer expenses 电脑维修费		1,107	1,441
Consultation services of ISO 9001:2008 ISO 9001:2008咨询服务费		7,750	2,750
Contribution to The Associated Chinese Chambers of Commerce and Industry of Malaysia ("ACCCIM") 捐助马来西亚中华总商会		60,000	60,000
Depreciation of property, plant and equipment 产业、厂房及设备折旧	7	154,844	153,652
Balance carried forward 移后页		<b>249,933</b>	<b>247,284</b>

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

## 综合基金

## CONSOLIDATED FUND

## 2017 年度收支平衡表 ( 延续 )

## STATEMENT OF INCOME AND EXPENDITURE

## FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017 (continued)

	NOTE	2017 RM	2016 RM
<b>LESS: EXPENDITURE 开销</b>			
Balance brought forward 承前页		<b>249,933</b>	<b>247,284</b>
Donation to: 捐款予			
Ampang Welfare Committee 安邦福利委员会		1,000	1,000
Central Welfare Council of Malaysia 沙登老人院		1,000	1,000
Malaysian Chinese Medical Association			
Free Medical Aid Department 中华施诊所		2,000	2,000
Hospis Malaysia 马来西亚安宁疗护中心		2,000	2,000
Kolej New Era 新纪元学院		1,000	1,000
Majlis Pusat Kebajikan Malaya – Rumah Orang Tua			
Seri Setia 双溪威老人院		1,000	1,000
Malaysian Association for the Blind 马来西亚盲人协会		2,000	2,000
Malaysian Red Crescent Society 马来西亚红新月会		2,000	2,000
Pemegang Amanah Yayasan Kebajikan SSL Strok dan			
Pembangunan Masyarakat Berdaftar			
修成林中风与社会发展福利基金		2,500	2,500
Pertubuhan Kebajikan Siri Jayanti 斯里再央地福利组		1,000	1,000
Pertubuhan Pendidikan Anak-anak Yatim Selangor 淡江孤儿院		1,000	1,000
Pertubuhan Perkhidmatan Sosial dan Pembangunan Komuniti			
Daerah Gombak, Selangor (PSPK)			
雪兰莪州鹅麦县社会服务及社区发展协会		2,000	2,000
Selangor Cheshire Home 济世之家		2,000	2,000
Selangor and Federal Territory Association for the			
Mentally Handicapped 雪隆智障协会		2,500	2,500
Shepherd's Centre Foundation 士毛月牧人之家		2,000	2,000
Tung Shin Hospital 同善医院		6,800	7,400
Pertubuhan Penganut Bodhiksetra Vihara, KL 菩提之家		1,000	-
United Chinese School Committees Association of			
Malaysia 马来西亚华校董事联合会总会		1,000	-
Employees' provident fund 公积金	17	148,000	137,440
Hari Raya ang pow 开斋节青包		1,980	1,920
Insurance premium 保险费		36,492	38,710
Balance carried forward 移后页		<b>470,205</b>	<b>457,754</b>

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

## 综合基金

## CONSOLIDATED FUND

## 2017年度收支平衡表(延续)

## STATEMENT OF INCOME AND EXPENDITURE

## FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017 (continued)

	NOTE	2017 RM	2016 RM
<b>LESS: EXPENDITURE 开销</b>			
Balance brought forward 承前页		<b>470,205</b>	<b>457,754</b>
KLSCCCI branding consultant fees 商会品牌顾问费		-	10,000
KLSCCCI corporate video 商会简介视频		29,000	7,250
KLSCCCI necktie / scarf / t-shirt 商会领带 / 丝巾 / T恤		(6,252)	19,099
Local / outstation official trip 国内外公干		123	-
Lunch / Dinner expenses 午 / 晚宴		43,841	1,380
Maintenance of office equipment 办公室设备维修费		13,211	11,151
Medical fees 医药费		5,909	4,017
Messing 工作餐		8,597	9,942
Newspaper and periodicals 书报		3,670	5,148
Overtime allowance 超时津贴		5,572	3,680
Postages 邮费		12,801	14,605
Printing and stationery 印刷及文具		49,531	50,510
Professional fees 顾问费		2,671	-
Property, plant and equipment written off 产业, 厂房及配备划销	7	2	1
Quit rent and assessment 会所地税及门牌税		137,806	137,806
Salaries and bonus 薪水与花红	17	1,200,709	1,105,546
Scholarship 助学金		146,050	133,400
Scholarship processing expenses 教育基金行政费		5,288	3,270
Service charges for maintenance of building 大厦管理费		324,610	277,458
Sewerage charges 排污费		7,624	5,211
SOCSSO 社会保险	17	14,069	12,840
Souvenirs 纪念品		624	26,230
Sponsorship for : 赞助予			
Malayan Second World War History Society 马来亚二战历史研究会		472	1,000
United Chinese School Teachers' Association of Malaysia 马来西亚华校教师会总会		500	500
Staff refreshment 职员茶点		432	697
Staff service award 职员服务奖		-	3,180
Balance carried forward 移后页		<b>2,477,065</b>	<b>2,301,675</b>

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



## 综合基金

## CONSOLIDATED FUND

## 2017年度收支平衡表（延续）

## STATEMENT OF INCOME AND EXPENDITURE

## FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017 (continued)

	NOTE	2017 RM	2016 RM
<b>LESS: EXPENDITURE 开销</b>			
Balance brought forward 承前页		<b>2,477,065</b>	<b>2,301,675</b>
Staff tour 职员旅游		-	71,731
Staff training / workshop 职员培训		-	150
Staff welfare 职员福利		42,779	43,592
Subscription to associations 社团会费		3,000	3,000
Sundry expenses 杂费		10,122	10,675
Tax agent's fees 呈报所得税服务费		4,280	4,280
Telephone and fax 电话与传真		12,529	14,886
Translation expenses 翻译费		-	1,900
Transport expenses 交通费		9,747	8,954
Upkeep and maintenance of building 会所维修费		6,309	1,943
Upkeep of motor vehicle 车辆维修费		3,706	2,701
Water and electricity 水电费		87,571	77,770
		<u>2,657,108</u>	<u>2,543,257</u>
<b>DEFICIT BEFORE TAXATION 税前不敷</b>		<b>(612,144)</b>	<b>(338,013)</b>
<b>TAXATION 税务</b>	16	<b>(120,891)</b>	<b>45,029</b>
<b>DEFICIT FOR THE FINANCIAL YEAR 本年度不敷</b>		<b><u>(733,035)</u></b>	<b><u>(292,984)</u></b>

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

## 综合基金

## CONSOLIDATED FUND

## 2017年12月31日止现金流量表

## STATEMENT OF CASH FLOWS

## FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017

	NOTE	2017 RM	2016 RM
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
<b>会务活动之现金流</b>			
Deficit before taxation 税前不敷		(612,144)	(338,013)
Adjustments for: 调整项目			
Depreciation of property and equipment 产业及设备折旧	7	154,844	153,652
Property, plant and equipment written off			
产业, 厂房及设备划销	7	2	1
Interest income 利息		(113,671)	(127,614)
Operating deficit before working capital changes 现金流不敷		(570,969)	(311,974)
Decrease / (Increase) in receivables 应收账款之减少 / (增加)		21,835	(182,287)
Increase in payables 应付账款之增加		865,761	230,057
Cash generated from operations 来自会务活动之现金流		316,627	(264,204)
Tax paid 已付税务		(19,733)	(45,569)
Tax refunded 退回税款		2,537	-
Net cash from / (used in) operating activities		299,431	(309,773)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
<b>投资活动之现金流</b>			
Interest received 利息		113,671	127,614
Purchase of property and equipment 购买产业及设备	7	(18,054)	(16,737)
(Placement) / withdrawal of fixed deposits with a licensed bank with maturity of more than three (3) months			
存放 / 取款于银行逾3个月之定期存款	10	(444,257)	618,843
Repayments to related company 还款予相关公司		10	4,446
Net cash (used in) / from investing activities		(348,630)	734,166
(用于) / 来自投资活动之现金净额			
Net (decrease) / increase in cash and cash equivalents		(49,199)	424,393
净(减少) / 增加现金及现金同等款项			
Cash and cash equivalents at beginning of financial year		1,169,925	745,532
承年初现金及现金同等款项			
Cash and cash equivalents at end of financial year	10	1,120,726	1,169,925
承年终现金及现金同等款项			

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

综合基金

CONSOLIDATED FUND

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2017

**1. GENERAL INFORMATION**

The Chamber is registered under the Societies Act, 1966 and domiciled in Malaysia.

The registered address and principal place of meeting of the Chamber is at 7th Floor, Wisma Chinese Chamber, No. 258, Jalan Ampang, 50450 Kuala Lumpur.

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

**2. PRINCIPAL OBJECTIVES**

The principal objectives of the Chamber are as follows:

- 2.1 to promote the interest of the members in the fields of commerce, industries, mining, agriculture, professional services and other lawful business;
- 2.2 to promote social, cultural, educational and welfare works;
- 2.3 to arbitrate in commercial disputes, to promote stable market conditions, to strengthen the unity in the commercial and industrial communities and to participate in and contribute towards the economic development of Malaysia; and
- 2.4 to work closely with such other registered societies having objectives similar to those of the Chamber by way of mutual assistance and cooperation towards the attainment of the aforesaid objectives.

**3. BASIS OF PREPARATION OF THE FINANCIAL STATEMENTS**

The financial statements of Consolidated Fund of the Chamber have been prepared in accordance with Malaysian Private Entities Reporting Standard ("MPERS") Framework in Malaysia.

**4. SIGNIFICANT ACCOUNTING POLICIES**

**4.1 Basis of accounting**

The financial statements of the Consolidated Fund of the Chamber have been prepared under the historical cost convention except as otherwise stated in the financial statements.

The preparation of financial statements in conformity with MPERS requires the Council Members to make estimates and assumptions that affect the reported amounts of assets, liabilities, income and expenditure and disclosures of contingent assets and liabilities. In addition, the Council Members are also required to exercise their judgements in the process of applying the accounting policies. The areas involving such judgement, estimates and assumptions are disclosed in Note 6 to the financial statement. Although these estimates and assumptions are based on the Council Members' best knowledge of events and actions, actual results could differ from those estimates.

#### **4.2 Property, plant and equipment and depreciation**

All items of property, plant and equipment are initially measured at cost. Cost includes expenditure that is directly attributable to the acquisition of the asset.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when the cost is incurred and it is probable that the future economic benefits associated with the asset would flow to the Chamber and the cost of the asset can be measured reliably. The carrying amount of parts that are replaced is derecognised. The costs of the day-to-day servicing of an item property, plant and equipment are recognised in income and expenditure in the period in which the costs are incurred. Cost also comprises the initial estimate of dismantling and removing the asset and restoring the site on which it is located for which the Chamber is obliged to incur when the asset is acquired, if applicable.

For major component of an item of property, plant and equipment which have significantly different patterns of consumption of economic benefits, the initial cost of the asset shall be allocated to its major components and depreciate each such component separately over its useful life.

After initial recognition, property, plant and equipment except for freehold land are stated at cost less any accumulated depreciation and any accumulated impairment losses.

Freehold land has unlimited useful life and therefore is not depreciated. Depreciation of property, plant and equipment is calculated to write off the cost of the assets to their residual values on a straight line basis over their estimated useful lives. The principal depreciation rates are as follows:

Building	2%
Furniture, fittings and equipment	10%
Motor vehicle	20%
Electrical fittings and appliances	20%
Renovation	20%
Computer	20%

The residual values, useful lives and depreciation method are reviewed at the end of each financial year to ensure that the amount, method and period of depreciation are consistent with previous estimates and the expected pattern of consumption of the future economic benefits embodied in the items of property, plant and equipment. If expectations differ from previous estimates, the changes are accounted for as a change in accounting estimate.

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

#### **4.3 Impairment of non-financial assets**

The carrying amount of assets, except for financial assets and deferred tax assets, are reviewed at the end of each reporting period to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated.

The recoverable amount of an asset is estimated for an individual asset. Where it is not possible to estimate the recoverable amount of the individual asset, the impairment test is carried out on the cash generating unit ('CGU') to which the asset belongs.

The recoverable amount of an asset or CGU is the higher of its fair value less cost to sell and its value in use.

In estimating value in use, the estimated future cash inflows and outflows to be derived from continuing use of the asset and from its ultimate disposal are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the future cash flow estimates have not been adjusted.

An impairment loss is recognised in profit or loss when the carrying amount of the asset or the CGU exceeds the recoverable amount of the asset or the CGU. The total impairment loss is allocated to reduce the carrying amount of the assets of the CGU on a pro-rata basis of the carrying amount of each asset in the CGU.

The impairment loss is recognised in income and expenditure immediately.

An impairment loss for assets is reversed if, and only if, there has been a change in the estimates used to determine the assets' recoverable amount since the last impairment loss was recognised.

An impairment loss is reversed only to the extent that the assets' carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

Such reversals are recognised as income immediately in income and expenditure.

#### **4.4 Provisions**

Provisions are recognised when there is a present obligation, legal or constructive, as a result of a past event, when 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 the time value of money is material, the amount of a provision will be discounted to its present value at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability.

Provisions are reviewed at the end of each reporting period and adjusted to reflect the current best estimate. If it is no longer probable that an outflow of resources embodying economic benefits will be required to settle the obligation, the provision will be reversed.

Provisions are not recognised for future operating losses. If the Chamber has a contract that is onerous, the present obligation under the contract shall be recognised and measured as a provision.

#### **4.5 Employee benefits**

##### **(a) Short term employee benefits**

Wages, salaries, social security contributions, paid annual leave, paid sick leave, bonuses and non-monetary benefits are recognised as an expense in the financial year when employees have rendered their services to the Chamber.

Short term accumulating compensated absences such as paid annual leave are recognised as an expense when employees render services that increase their entitlement to future compensated absences. Short term non-accumulating compensated absences such as sick leave are recognised when the absences occur.

Bonuses are recognised as an expense when there is a present, legal or constructive obligation to make such payments, as a result of past events and when a reliable estimate of the obligation can be made.

##### **(b) Defined contribution plan**

The Chamber makes contributions to a statutory provident fund and recognises the contribution payable after deducting any contribution already paid as a liability and as an expense in the financial year in which the employees render their services.

#### **4.6 Income tax**

Income taxes include all domestic taxes on taxable profits. Taxes in the statement of income and expenditure comprise current tax and deferred tax.

##### **(a) Current tax expense**

Current tax for current and prior periods, to the extent unpaid, is recognised as a current tax liability. If the amount already paid in respect of current and prior periods exceeds the amount due for those periods, the excess is recognised as a current tax asset.

Current tax is measured at the amount the Chamber expects to pay or recover using the tax rates and laws that have been enacted or substantially enacted by the reporting date.

##### **(b) Deferred tax**

Deferred tax is recognised for all temporary differences, unless the deferred tax arises from the initial recognition of an asset or liability in a transaction which is not a business combination and at the time of transaction, affects neither accounting profit nor taxable profit.

A deferred tax asset is recognised only to the extent that it is probable that future taxable profit would be available against which the deductible temporary differences, unused tax losses and unused tax credits can be utilised. The carrying amount of deferred tax asset is reviewed at the end of each reporting period. If it is no longer probable that sufficient taxable profit would be available to allow the benefit of part or all of that recognised deferred tax asset to be utilised, the carrying amount of the deferred tax asset would be reduced accordingly. When it becomes probable that sufficient taxable profit would be available, such reductions would be reversed to the extent of the taxable profit.

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

Changes in current or deferred tax balances are recognised as an income tax expense or credit and are recognised in the same component of comprehensive income or equity as the transaction that resulted in the tax expense or credit.

Current tax assets and liabilities or deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when the deferred income taxes relate to the same taxation authority.

#### **4.7 Financial instruments**

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

Financial instruments are recognised on the statement of financial position when the Chamber has become a party to the contractual provisions of the instrument. At initial recognition, a financial instrument is recognised at transaction price, including transaction costs if the financial instrument is not measured at fair value through profit or loss, except a financing transaction. Financing transactions are measured at the present value of the future payments discounted at a market rate of interest for a similar debt instrument.

##### **(a) Basic financial instruments**

Basic financial instruments include cash, receivables and payables, commitments to receive loans that cannot be settled net in cash, investments in non-convertible preference shares and non-puttable ordinary or preference shares.

The financial instruments shall be measured at the end of each reporting period without any deduction for transaction costs that may be incurred on sale or other disposal.

Subsequent to initial recognition, debt instruments are measured at amortised cost using the effective interest method, whilst commitments to receive a loan are measured at cost less impairment.

A financial asset is derecognised when the contractual right to receive cash flows from the financial asset has expired or settled.

(b) Financial liabilities

A financial liability is derecognised only when it is extinguished, i.e. when the obligation specified in the contract is discharged, cancelled or expires. An exchange between an existing borrower and lender of financial instruments with substantially different terms are accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability. Similarly, 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.

Any difference between the carrying amount of a financial liability extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in income and expenditure.

#### 4.8 Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable net of discounts and rebates.

Revenue is recognised to the extent that it is probable that the economic benefits associated with the transaction will flow to the Chamber, and the amount of revenue and the cost incurred or to be incurred in respect of the transaction can be reliably measured and specific recognition criteria have been met for each of the Chamber's activities as follows:

(a) Services

Revenue in respect of the rendering of services is recognised when the stage of completion at the end of the reporting period and the cost incurred can be reliably measured. The stage of completion is determined by the services performed to date as a percentage of total services to be performed.

(b) Other types of fee income

Other types of fee income are recognised as it accrues, when the right to receive such fee income is established.

(c) Interest income

Interest income is recognised as it accrues, using the effective interest method.

(d) Rental income

Rental income is accounted for on a straight line basis over the lease term of an ongoing lease. The aggregate cost of incentives provided to the lessee is recognised as reduction of rental income over the lease term on a straight line basis.



#### 4.9 Contingent liabilities and contingent assets

A contingent liability is either a possible but uncertain obligation, a present obligation that cannot be reliably measured or one where it is less likely than not (but not remote) that there will be an outflow of economic benefits.

A contingent liability is either a possible but uncertain obligation or a present obligation that is not recognised because it is not probable that the entity will be required to transfer economic benefits in settlement or the amount of the obligation cannot be estimated reliably. The Chamber does not recognise a contingent liability but discloses its existence in the financial statements unless the possibility of outflow of resources is remote.

The Chamber does not recognise a contingent asset but discloses its existence where the inflows of economic benefits are probable, but not virtually certain. When future economic benefits become virtually certain, the asset is no longer considered contingent and is recognised in the statement of financial position.

### 5. ADOPTION OF MPERS AND AMENDMENTS TO MPERS

#### New MPERS adopted during the financial year

The accounting policies adopted are consistent with those of the previous financial period except as follows:

On 1 January 2017, the Chamber adopted the following Amendments that are mandatory for annual financial periods beginning on or after 1 January 2017.

#### Title

Amendments to Section 2 *Concepts and Pervasive Principles*

Amendments to Section 4 *Statement of Financial Position*

Amendments to Section 5 *Statement of Comprehensive Income and Income Statement*

Amendments to Section 6 *Statement of Changes in Equity and Statement of Income and Retained Earnings*

Amendments to Section 9 *Consolidated and Separate Financial Statements*

Amendments to Section 10 *Accounting Policies, Estimates and Errors*

Amendments to Section 11 *Basic Financial Instruments*

Amendments to Section 12 *Other Financial Instruments Issues*

Amendments to Section 17 *Property, Plant and Equipment*

Amendments to Section 18 *Intangible Assets other than Goodwill*

Amendments to Section 19 *Business Combinations and Goodwill*

Amendments to Section 20 *Leases*

Amendments to Section 22 *Liabilities and Equity*

Amendments to Section 26 *Share-based Payment*

Amendments to Section 27 *Impairment of Assets*

Amendments to Section 28 *Employee Benefits*

Amendments to Section 29 *Income Tax*

Amendments to Section 30 *Foreign Currency Translation*

Amendments to Section 33 *Related Party Disclosures*

Amendments to Section 34 *Specialised Activities*

Amendments to Section 35 *Transition to the MPERS*

The adoption of the above Amendments did not have any material effect on the financial performance or position of the Chamber.

## **6. SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGEMENTS**

### **6.1 Changes in estimates**

Estimates are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The Council Members are of the opinion that there are no significant changes in estimates during the reporting period and at the end of the reporting period.

### **6.2 Critical judgement made in applying accounting policies**

In the process of applying the Chamber's accounting policies, the Council Members are of the opinion that there are no critical judgements involved that have a significant effect on the amounts recognised in the financial statements.

### **6.3 Key sources of estimation uncertainty**

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

#### **(a) Depreciation of property, plant and equipment**

The cost of property, plant and equipment is depreciated on a straight-line basis over the assets' useful lives. Management estimates the useful lives of these property, plant and equipment as disclosed in Note 4.2 to the financial statements. These are common life expectancies applied in the industry which the Chamber operates. Changes in the expected level of usage and technological developments could impact the economic useful lives and the residual values of these assets, and therefore future depreciation charges could be revised.

#### **(b) Impairment of receivables**

The Chamber makes impairment of receivables based on an assessment of the recoverability of receivables. Impairment is applied to receivables where events or changes in circumstances indicate that the carrying amounts may not be recoverable. Management specifically analyses historical bad debts, receivables creditworthiness, current economic trends and changes in receivables payment terms when making a judgement to evaluate the adequacy of impairment of receivables. Where expectations differ from the original estimates, the differences would impact the carrying amount of receivables.

#### **(c) Deferred tax asset**

Deferred tax assets are recognised for all unused tax losses and unabsorbed capital allowances to the extent that it is probable that future taxable profits would be available against which the losses and capital allowances could be utilised. Significant management judgement is required to determine the amount of deferred tax assets that could be recognised, based on the likely timing and extent of future taxable profits together with future tax planning strategies.

## 7. PROPERTY, PLANT AND EQUIPMENT

2017	Balance as at 1.1.2017 RM	Additions RM	Written-off RM	Depreciation charge for the financial year RM	Balance as at 31.12.2017 RM
<b>Carrying amount</b>					
Freehold land	422,410	-	-	-	422,410
Building	3,252,183	-	-	(112,144)	3,140,039
Furniture, fittings and equipment	74,740	-	(1)	(13,789)	60,950
Motor vehicle	3	-	-	-	3
Electrical fittings and appliances	1,781	-	-	(1,775)	6
Renovation	14,778	-	-	(14,773)	5
Computer	17,607	18,054	(1)	(12,363)	23,297
	3,783,502	18,054	(2)	(154,844)	3,646,710

[----- At 31.12.2017 -----]

	Cost RM	Accumulated depreciation RM	Carrying amount RM
Freehold land	422,410	-	422,410
Building	9,637,768	(6,497,729)	3,140,039
Furniture, fittings and equipment	467,160	(406,210)	60,950
Motor vehicle	82,677	(82,674)	3
Electrical fittings and appliances	110,358	(110,352)	6
Renovation	296,374	(296,369)	5
Computer	160,245	(136,948)	23,297
	11,176,992	(7,530,282)	3,646,710

2016	Balance as at 1.1.2016 RM	Additions RM	Written-off RM	Depreciation charge for the financial year RM	Balance as at 31.12.2016 RM
<b>Carrying amount</b>					
Freehold land	422,410	-	-	-	422,410
Building	3,364,327	-	-	(112,144)	3,252,183
Furniture, fittings and equipment	73,451	16,537	(1)	(15,247)	74,740
Motor vehicle	3	-	-	-	3
Electrical fittings and appliances	3,557	-	-	(1,776)	1,781
Renovation	29,554	-	-	(14,776)	14,778
Computer	27,116	200	-	(9,709)	17,607
	3,920,418	16,737	(1)	(153,652)	3,783,502

	[----- At 31.12.2016 -----]		
	<b>Cost RM</b>	<b>Accumulated depreciation RM</b>	<b>Carrying amount RM</b>
Freehold land	422,410	-	422,410
Building	9,637,768	(6,385,585)	3,252,183
Furniture, fittings and equipment	476,861	(402,121)	74,740
Motor vehicle	82,677	(82,674)	3
Electrical fittings and appliances	110,358	(108,577)	1,781
Renovation	296,374	(281,596)	14,778
Computer	152,723	(135,116)	17,607
	<u>11,179,171</u>	<u>(7,395,669)</u>	<u>3,783,502</u>

## 8. DEFERRED TAX

(a) The deferred tax assets are made up of the following:

	<b>2017 RM</b>	<b>2016 RM</b>
Balance as at 1 January	64,407	10,974
Recognised in the statement of income and expenditure (Note 13)	<u>(41,759)</u>	<u>53,433</u>
Balance as at 31 December	<u>22,648</u>	<u>64,407</u>

(b) The components and movements of deferred tax assets during the financial year prior to offsetting are as follows:

	<b>Property, plant and equipment RM</b>	<b>Total RM</b>
Balance as at 1 January 2017	64,407	64,407
Recognised in the statement of income and expenditure	<u>(41,759)</u>	<u>(41,759)</u>
Balance as at 31 December 2017	<u>22,648</u>	<u>22,648</u>
Balance as at 1 January 2016	10,974	10,974
Recognised in the statement of income and expenditure	<u>53,433</u>	<u>53,433</u>
Balance as at 31 December 2016	<u>64,407</u>	<u>64,407</u>

## 9. TRADE AND OTHER RECEIVABLES

	2017 RM	2016 RM
<b>Trade receivables</b>		
Third parties	275,134	280,347
Education loan	400,500	341,668
	675,634	622,015
<b>Other receivables and deposits</b>		
Other receivables	88,404	162,276
Deposits	59,447	61,029
	147,851	223,305
	<u>823,485</u>	<u>845,320</u>

Trade receivables, excluding education loans, are non-interest bearing and the normal trade credit term granted by the Chamber is 30 days (2016: 30 days) from date of invoice. They are recognised at their original invoice amounts which represent their fair values on initial recognition.

Education loans are granted to individuals and the repayment is on an installment basis whereby the first installment commences in the sixth (6th) month after the recipients' graduation. Each installment amount is 10% of the total granted loan or any other amount as may be determined by the management committee, until the total loan amount is fully repaid.

Education loans are non-interest bearing and the credit term granted for each installment by the Chamber is 30 days (2016: 30 days).

## 10. CASH AND CASH EQUIVALENTS

	2017 RM	2016 RM
Cash and bank balances	214,673	298,398
Fixed deposits with a licensed bank	3,564,102	3,085,319
	<u>3,778,775</u>	<u>3,383,717</u>

For the purpose of the statement of cash flows, cash and cash equivalents comprise the following as at the end of the reporting period:

	2017 RM	2016 RM
Cash and bank balances	214,673	298,398
Fixed deposits with a licensed bank	3,564,102	3,085,319
	3,778,775	3,383,717
Less: Fixed deposits with maturity periods of more than three (3) months	<u>(2,658,049)</u>	<u>(2,213,792)</u>
	<u>1,120,726</u>	<u>1,169,925</u>

## 11. ACCUMULATED SURPLUS

	2017 RM	2016 RM
Balance as at 1 January	3,808,192	4,101,176
Deficit for the financial year	(733,035)	(292,984)
Balance as at 31 December	<u>3,075,157</u>	<u>3,808,192</u>

## 12. BUILDING FUND

The building fund is in respect of donations received for the acquisition of the freehold land and construction of the building of the Chamber, Wisma Chinese Chamber.

## 13. DONATION FUND

The donation fund is in respect of donations received for the scholarship to the students.

## 14. SUNDRY PAYABLES, DEPOSITS AND ACCRUALS

	2017 RM	2016 RM
<b>Other payables</b>		
Other payables	463,029	129,915
Accruals	16,267	27,456
Advances received	1,169,775	607,498
Deposits received	134,375	152,816
	<u>1,783,446</u>	<u>917,685</u>

## 15. SURPLUS FROM OTHER ACTIVITIES

### 2017

Activities	Income RM	Expenditure RM	Surplus / (Deficit) RM
Anniversary dinner	707,302	(347,182)	360,120
Berita KLSCCCI	34,720	(29,321)	5,399
Seminar and other activities	436,230	(499,983)	(63,753)
	<u>1,178,252</u>	<u>(876,486)</u>	<u>301,766</u>

### 2016

Activities	Income RM	Expenditure RM	Surplus / (Deficit) RM
Anniversary dinner	718,500	(287,421)	431,079
Berita KLSCCCI	43,340	(30,523)	12,817
Seminar and other activities	535,548	(674,065)	(138,517)
	<u>1,297,388</u>	<u>(992,009)</u>	<u>305,379</u>

## 16. TAXATION

	2017 RM	2016 RM
Current tax expense based on profit for the financial year	22,945	1,892
Under provision in prior years	56,187	6,512
	<u>79,132</u>	<u>8,404</u>
Deferred tax (Note 8)		
- current year	(6,078)	(52,709)
- Over / (under) recognition in prior years	47,837	(724)
	<u>41,759</u>	<u>(53,433)</u>
	<u>120,891</u>	<u>(45,029)</u>

The numerical reconciliation between the effective tax rate and the applicable tax rate are as follows:

	2017 %	2016 %
Applicable tax rate	(24.0)	(28.0)
Tax effects in respect of:		
Non-allowable expenses	44.0	11.0
Non-taxable income	(17.0)	(2.0)
Reduction in tax rate on chargeable income of up to RM100,000 (2016: RM100,000) per year	-	4.0
	<u>3.0</u>	<u>(15.0)</u>
Under provision in prior years	17.0	2.0
Effective tax rate	<u>20.0</u>	<u>(13.0)</u>

## 17. EMPLOYEE BENEFITS

	2017 RM	2016 RM
Salaries and wages	1,200,709	1,105,546
Defined contribution retirement plan	148,000	137,440
Other employee benefits	14,069	12,840
	<u>1,362,778</u>	<u>1,255,826</u>

## 18. FINANCIAL INSTRUMENTS

### (a) Financial instruments

	2017 RM	2016 RM
<b>Financial assets</b>		
<b>Financial assets measured at amortised cost less impairment</b>		
Trade and other receivables	823,485	845,320
Fixed deposits with a licensed bank	3,564,102	3,085,319
Cash and bank balances	214,673	298,398
	<u>4,602,260</u>	<u>4,229,037</u>
<b>Financial liabilities</b>		
<b>Financial liabilities measured at amortised cost</b>		
Sundry payables, deposits and accruals	1,783,446	917,685
	<u>1,783,446</u>	<u>917,685</u>

### (b) Method and assumption used to estimate fair value

The fair values of financial assets and financial liabilities are determined as follows:

Financial instruments that are not carried at fair value and whose carrying amounts are a reasonable approximation of fair value.

The carrying amounts of financial assets and liabilities, such as trade and other receivables and sundry payables, deposits and accruals are reasonable approximation of fair value due to their short-term nature.

## 19. AUTHORISATION FOR ISSUE OF FINANCIAL STATEMENTS

These financial statements were authorised for issue by the Council on 22 March 2018.