

PERSATUAN SYARIKAT-SYARIKAT BROKER SAHAM MALAYSIA
(ASSOCIATION OF STOCKBROKING COMPANIES MALAYSIA)

(Registered in Malaysia under Societies Act, 1966)

Reports and Financial Statements
30 June 2018

 **SIEW BOON YEONG & ASSOCIATES**
Chartered Accountants [AF: 0660]

PERSATUAN SYARIKAT-SYARIKAT BROKER SAHAM MALAYSIA
(ASSOCIATION OF STOCKBROKING COMPANIES MALAYSIA)

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PERSATUAN SYARIKAT-SYARIKAT BROKER SAHAM MALAYSIA
(ASSOCIATION OF STOCKBROKING COMPANIES MALAYSIA)

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STATEMENT BY THE OFFICERS PRIMARILY RESPONSIBLE FOR THE FINANCIAL
MANAGEMENT OF THE ASSOCIATION

We, Dato' Ahmad Azman Dato' Abdul Manof and Chew Sing Guan, being the chairman and president primarily responsible for the financial management of Persatuan Syarikat-Syarikat Broker Saham Malaysia (Association Of Stockbroking Companies Malaysia) ("Association"), do hereby state on behalf of the management committee, that in our opinion, the accompanying financial statements set out on pages 6 to 20 are properly drawn up in accordance with Malaysian Private Entities Reporting Standard so as to give a true and fair view of the financial position of the Association as at 30 June 2018, and of its financial performance and cash flows of the Association for the financial year ended on that date.

Signed on behalf of the Management Committee



DATO' AHMAD AZMAN DATO' ABDUL
MANAF
Chairman



CHEW SING GUAN
President

Kuala Lumpur,
Date: 15 NOV 2018



SIEW BOON YEONG & ASSOCIATES

Chartered Accountants [AF: 0660]

9-C, Jalan Medan Tuanku, Medan Tuanku, 50300 Kuala Lumpur, Malaysia.

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INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF PERSATUAN SYARIKAT-SYARIKAT BROKER SAHAM MALAYSIA (ASSOCIATION OF STOCKBROKING COMPANIES MALAYSIA)

(Registered in Malaysia under Societies Act, 1966)

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Persatuan Syarikat-Syarikat Broker Saham Malaysia (Association Of Stockbroking Companies Malaysia) ("Association"), which comprise the statement of assets, liabilities and fund balances as at 30 June 2018 and the statement of income and expenditure and statement of receipts and payments for the financial year then ended, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages 6 to 20.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Association as at 30 June 2018, and of its financial performance for the financial year then ended in accordance with Malaysian Private Entities Reporting Standard and the requirements of 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' 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.

Information Other Than the Financial Statements and Auditors' Report Thereon

We have nothing to report in this regard.

Management Committee's Responsibility for the Financial Statements

The management committee are responsible for the preparation of financial statements of the Association that give a true and fair view of financial statements in accordance with Malaysian Private Entities Reporting Standard and the requirements of the Societies Act, 1966 in Malaysia. The management committee are also responsible for such internal control as the management committee 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 management committee 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 management committee 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.

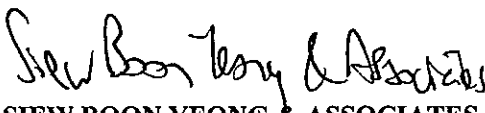
As part of an audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:


- 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 management committee.
- Conclude on the appropriateness of the management committees' 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 management committee 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, and for no other purpose. We do not assume responsibility to any other person for the content of this report.


SIEW BOON YEONG & ASSOCIATES
AF: 0660
Chartered Accountants


CHONG KWANG FOCK
03327/09/2019 J
Chartered Accountant

Kuala Lumpur,
Date: 15 November 2018

PERSATUAN SYARIKAT-SYARIKAT BROKER SAHAM MALAYSIA
(ASSOCIATION OF STOCKBROKING COMPANIES MALAYSIA)

(Registered in Malaysia under the Societies Act, 1966)

STATEMENT OF ASSETS, LIABILITIES AND FUND BALANCES
as at 30 June 2018

	<i>Note</i>	2018 RM	2017 RM
ASSETS			
Non-Current Assets			
Property, plant and equipment	3	<u>1,348,839</u>	<u>1,385,186</u>
Current Assets			
Other receivables	4	127,335	50,268
Other assets	5	500	500
Fixed deposits with licensed banks	6	4,901,362	4,880,632
Cash and bank balances		<u>890,060</u>	<u>243,510</u>
		<u>5,919,257</u>	<u>5,174,910</u>
Total Assets		<u><u>7,268,096</u></u>	<u><u>6,560,096</u></u>
EQUITY AND LIABILITIES			
Equity			
Accumulated funds	7	1,542,305	1,473,543
Members' contribution fund	8	<u>5,000,000</u>	<u>5,000,000</u>
		<u>6,542,305</u>	<u>6,473,543</u>
Liabilities			
Non-Current Liabilities			
Deferred tax liabilities	9	<u>3,948</u>	<u>860</u>
Current Liabilities			
Other payables		683,753	-
Other liabilities	10	7,500	54,527
Current tax liabilities		<u>30,590</u>	<u>31,166</u>
		<u>721,843</u>	<u>85,693</u>
Total Liabilities		<u>725,791</u>	<u>86,553</u>
Total Equity and Liabilities		<u><u>7,268,096</u></u>	<u><u>6,560,096</u></u>

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

PERSATUAN SYARIKAT-SYARIKAT BROKER SAHAM MALAYSIA
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(Registered in Malaysia under the Societies Act, 1966)

STATEMENT OF INCOME AND EXPENDITURE
for the financial year ended 30 June 2018

	2018	2017
	RM	RM
<u>INCOME</u>		
Interest income	196,707	194,888
Mobilisation fees	20,731	20,647
Referrer commission	33,944	33,996
Seminar and training	222,400	79,447
Subscriptions	275,000	260,000
	<hr/>	<hr/>
	748,782	588,978
OTHER INCOME		
Rental income	-	1,000
	<hr/>	<hr/>
<u>Less: EXPENDITURES</u>		
Accounting fees	3,100	3,000
Advertisement	-	742
Appreciation gift	-	1,159
Auditors' remuneration	5,000	4,500
Bank charges	198	148
Bonus	34,750	9,150
Deposit written off	-	3,432
Depreciation of property, plant and equipment	39,915	35,738
Electricity and water	4,630	4,956
EPF contributions	39,862	36,216
Employment insurance system	129	-
Gift and donation	10,000	-
General expenses	1,676	1,278
Goods and services tax	291	-
Legal fee	-	954
Medical fees	2,224	1,828
Meeting expenses	4,293	4,038
Members dinner	6,508	3,625
Newspaper and periodical	290	-
Petrol, toll and parking	5,057	4,875
Photograph fee for committee	2,840	-
Printing, postage and stationery	2,907	8,203
Quit rent and assessment	1,526	1,639

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STATEMENT OF INCOME AND EXPENDITURE
for the financial year ended 30 June 2018

	<i>Note</i>	2018 RM	2017 RM
Salaries		294,750	289,800
Seminar and conference		148,023	65,414
SOCSO contributions		2,266	1,952
Staff insurance		1,084	1,084
Staff and committee refreshment		2,697	2,252
Tax compliance fees		2,500	8,522
Telecommunication, telephone and fax charges		6,049	6,113
Travelling and accommodation expenses		350	-
Upkeep of motor vehicles		-	551
Upkeep of office		12,615	19,659
Website expenses		1,250	1,718
		<u>636,780</u>	<u>522,546</u>
Surplus before taxation		112,002	67,432
Income tax expense	<i>11</i>	<u>(43,240)</u>	<u>(53,620)</u>
Surplus for the financial year		<u><u>68,762</u></u>	<u><u>13,812</u></u>

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

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STATEMENT OF RECEIPTS AND PAYMENTS
for the financial year ended 30 June 2018

	2018	2017
	RM	RM
CASH FLOWS FROM OPERATING ACTIVITIES		
Interest received	121,107	184,707
Cash received from members	275,000	404,463
Cash received from/(paid to) other payables and employees	294,739	(428,548)
Tax paid	<u>(40,728)</u>	<u>(43,934)</u>
<i>Net cash generated from operating activities</i>	<u>650,118</u>	<u>116,688</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Placement of fixed deposits with licensed banks	1,036,509	-
Withdrawal of fixed deposits with licensed banks	(1,015,779)	-
Purchase of property, plant and equipment	<u>(3,568)</u>	<u>(1,490)</u>
<i>Net cash generated from/(used in) investing activities</i>	<u>17,162</u>	<u>(1,490)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
	<u>-</u>	<u>-</u>
<i>Net increase in cash and cash equivalents</i>	667,280	115,198
<i>Cash and cash equivalents at the beginning of the financial year</i>	<u>5,124,142</u>	<u>5,008,944</u>
<i>Cash and cash equivalents at the end of the financial year</i>	<u><u>5,791,422</u></u>	<u><u>5,124,142</u></u>
Cash and cash equivalents comprise:		
Cash and bank balances	890,060	243,510
Fixed deposits with licensed banks	<u>4,901,362</u>	<u>4,880,632</u>
	<u><u>5,791,422</u></u>	<u><u>5,124,142</u></u>

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

PERSATUAN SYARIKAT-SYARIKAT BROKER SAHAM MALAYSIA
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NOTES TO THE FINANCIAL STATEMENTS – 30 June 2018

1. GENERAL INFORMATION

The principal activities of the Association are to provide and foster interest and awareness of the stockbroking industry, advancement of the business and the protection of the interest of stockbroking profession.

The address of the registered office and principal place of business of the association is D-3-53, Block Dahlia, No. 10 Boulevard, Lebuhraya SPRINT, PJU 6A, 47400 Petaling Jaya, Selangor Darul Ehsan.

2. SIGNIFICANT ACCOUNTING POLICIES

All significant accounting policies set out below are consistent with those applied in the previous financial year unless otherwise stated.

(a) Basis Of Preparation

The financial statements have been prepared in accordance with the Malaysian Private Entities Reporting Standard (“MPERS”) and the requirements of the Societies Act, 1996 in Malaysia.

(b) Property, Plant And Equipment

The cost of an item of property, plant and equipment is recognised as an asset 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. After recognition as an asset, an item of property, plant and equipment are measured at cost less any accumulated depreciation and any accumulated impairment losses.

Leasehold buildings are amortised over the remaining period of the lease terms.

Depreciation is provided on a straight-line method so as to write off the depreciable amount of the following assets over their estimated useful lives, as follows:

	%
Computers	20 - 33 ¹ / ₃
Electrical fittings	20
Furniture and fittings	20
Motor vehicle	20
Office equipment	20
Renovation	10

Depreciation of an asset begins when it is ready for its intended use.

If there is an indication of a significant change in factors affecting the residual value, useful life or asset consumption pattern since the last annual reporting date, the residual values, depreciation method and useful lives of depreciable assets are reviewed, and adjusted prospectively.

The carrying amounts of items of property, plant and equipment are derecognised on disposal or when no future economic benefits are expected from their use or disposal. Any gain or loss arising from the derecognition of items of property, plant and equipment, determined as the difference between the net disposal proceeds, if any, and the carrying amounts of the item, is recognised in profit or loss.

(c) Impairment Of Non-Financial Assets

At each reporting date, the Association assesses whether there is any indication that an asset may be impaired. If any such indication exists, the recoverable amount of the asset is estimated.

When there is an indication that an asset may be impaired but it is not possible to estimate the recoverable amount of the individual asset, the association estimates the recoverable amount of the cash-generating unit to which the asset belongs.

The recoverable amount of an asset and a cash-generating unit is the higher of the fair value less costs to sell and value-in-use. In assessing value-in-use, the estimated future cash flows 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.

If the recoverable amount of an asset or a cash-generating unit is less than the carrying amount, an impairment loss is recognised to reduce the carrying amount to its recoverable amount. An impairment loss for a cash-generating unit is firstly allocated to reduce the carrying amount of any goodwill allocated to the cash-generating unit, and then, to the other non-current assets of the unit pro rata on the basis of the carrying amount of each appropriate asset in the cash-generating unit. Impairment loss is recognised immediately in profit or loss.

An impairment loss recognised in prior periods for an asset or the appropriate assets of a cash-generating unit is reversed when there has been a change in the estimates used to determine the asset's recoverable amount. An impairment loss is reversed to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation, if no impairment loss had been recognised in prior periods. A reversal of an impairment loss is recognised immediately in profit or loss.

(d) Functional Currency

Items included in the financial statements are measured using the currency best reflects the economic substance of the underlying events and circumstances relevant to the association (the "functional currency"). The financial statements are presented in Ringgit Malaysia, which is the functional currency of the Association.

(e) Financial Assets

Financial assets are recognised in the statement of assets, liabilities and fund balances when the Association becomes a party to the contractual provisions of the instrument.

On initial recognition, financial assets are measured at transaction price, include transaction costs for financial assets not measured at fair value through profit or loss, unless the arrangement constitutes, in effect, a financing transaction for the counterparty to the arrangement.

After initial recognition, financial assets are classified into one of three categories: financial assets measured at fair value through profit or loss, financial assets that are debt instruments measured at amortised cost, and financial assets that are equity instruments measured at cost less impairment.

(i) *Financial Assets At Fair Value Through Profit Or Loss*

Financial assets are classified as at fair value through profit or loss when the financial assets are within the scope of Section 12 of the MPERS or if the financial assets are publicly traded or their fair value can otherwise be measured reliably without undue cost or effort.

Changes in fair value are recognised in profit or loss.

If a reliable measure of fair value is no longer available for an equity instrument that is not publicly traded but is measured at fair value through profit or loss, its fair value at the last date that instrument was reliably measurable is treated as the cost of the instrument, and it is measured at this cost amount less impairment until a reliable measure of fair value becomes available.

(ii) *Financial Assets That Are Debt Instruments Measured At Amortised Cost*

After initial recognition, debt instruments are measured at amortised cost using the effective interest method. Debt instruments that are classified as current assets are measured at the undiscounted amount of the cash or other consideration expected to be received.

Effective interest method is a method of calculating the amortised cost of financial assets and of allocating the interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimate future cash receipts through the expected life of the financial assets or, when appropriate, a shorter period, to the carrying amount of the financial assets.

(iii) *Financial Assets That Are Equity Instruments Measured At Cost Less Impairment*

Equity instruments that are not publicly traded and whose fair value cannot otherwise be measured reliably without undue cost or effort, and contracts linked to such instruments that, if exercised, will result in delivery of such instruments, are measured at cost less impairment.

Impairment Of Financial Assets

At the end of each reporting period, the association assesses whether there is any objective evidence that financial assets that are measured at cost or amortised cost, are impaired.

Objective evidences could include:

- significant financial difficulty of the issuer; or
- a breach of contract; or
- the lender granting to the borrower a concession that the lender would not otherwise consider; or
- it becoming probable that the borrower will enter bankruptcy or other financial reorganisation; or
- observable data indicating that there is a measurable decrease in the estimated future cash flows from the financial assets since the initial recognition of those assets.

For certain category of financial assets, such as trade receivables, if it is determined that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, the assets are included in a group with similar credit risk characteristics and collectively assessed for impairment.

Impairment losses, in respect of financial assets measured at amortised cost, are measured as the differences between the assets' carrying amounts and the present values of their estimated cash flows discounted at the assets' original effective interest rate.

If there is objective evidence that impairment losses have been incurred on financial assets measured at cost less impairment, the amount of impairment losses are measured as the difference between the asset's carrying amount and the best estimate of the amount that the association would receive for the asset if it were to be sold at the reporting date.

The carrying amounts of the financial assets are reduced directly, except for the carrying amounts of trade receivables which are reduced through the use of an allowance account. Any impairment loss is recognised in profit or loss immediately. If, in subsequent period, the amount of an impairment loss decreases, the previously recognised impairment losses are reversed directly, except for the amounts related to trade receivables which are reversed to write back the amount previously provided in the allowance account. The reversal is recognised in profit or loss immediately.

Derecognition Of Financial Assets

Financial assets are derecognised when the contractual rights to the cash flows from the financial assets expired, or are settled, or the Association transfers to another party substantially all of the risks and rewards of ownership of the financial assets.

On derecognition of financial assets in their entirety, the differences between the carrying amounts and the sum of the consideration received and any cumulative gains or losses are recognised in profit or loss in the period of the transfer.

(f) Financial Liabilities

Financial liabilities are recognised in the statement of asset, liabilities and fund balances when the Association becomes a party to the contractual provisions of the instrument.

On initial recognition, financial liabilities are measured at transaction price, include transaction costs for financial liabilities not measured at fair value through profit or loss, unless the arrangement constitutes, in effect, a financing transaction for the association to the arrangement.

After initial recognition, financial liabilities are classified into one of three categories: financial liabilities measured at fair value through profit or loss, financial liabilities measured at amortised cost, or loan commitments measured at cost less impairment.

(i) *Financial Liabilities Measured At Fair Value Through Profit Or Loss*

Financial liabilities are classified as at fair value through profit or loss when the financial liabilities are within the scope of Section 12 of the MPERS or if the financial liabilities are publicly traded or their fair value can otherwise be measured reliably without undue cost or effort.

If a reliable measure of fair value is no longer available for an equity instrument that is not publicly traded but is measured at fair value through profit or loss, its fair value at the last date that instrument was reliably measurable is treated as the cost of the instrument, and it is measured at this cost amount less impairment until a reliable measure of fair value becomes available.

(ii) *Financial Liabilities Measured At Amortised Cost*

After initial recognition, financial liabilities other than financial liabilities at fair value through profit or loss are measured at amortised cost using the effective interest method. Gains or losses are recognised in profit or loss when the financial liabilities are derecognised or impaired.

Effective interest method is a method of calculating the amortised cost of financial liabilities and of allocating the interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimate future cash payments through the expected life of the financial liabilities or, when appropriate, a shorter period, to the carrying amount of the financial liabilities.

(iii) *Loan Commitments Measured At Cost Less Impairment*

Commitments to receive loan that meet the conditions of Section 11 of the MPERS are measured at cost less impairment.

Derecognition Of Financial Liabilities

Financial liabilities are derecognised when the obligation specified in the contract is discharged, cancelled or expired.

Any difference between the carrying amounts of the financial liabilities derecognised and the consideration paid is recognised in profit or loss.

(g) Provisions

A provision is recognised when the association has an obligation at the reporting date as a result of a past event, it is probable that a transfer of economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

The risks and uncertainties are taken into account in reaching the best estimate of a provision. When the effect of the time value of money is material, the amount recognised in respect of the provision is the present value of the expenditure expected to be required to settle the obligation.

(h) Revenue Recognition

Revenue from subscriptions, seminar and training and mobilisation fees are taken up on an accrual basis.

(i) Interest Income

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

(j) Rental Income

Rental income is accounted for on a straight-line basis over the lease terms. The aggregate costs of incentives provided to lessees are recognised as a reduction of rental income over the lease term on a straight-line basis.

(k) Income Tax Expense

Income taxes for the financial year comprise current and deferred tax.

Current tax is the expected amount of income taxes payable in respect of the taxable profit for the financial year and is measured using the tax rates that have been enacted or substantively enacted at the end of the reporting period.

Deferred tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements.

Deferred tax liabilities are recognised for all taxable temporary differences other than those that arise from goodwill or excess of the acquirer's interest in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities over the business combination costs or from the initial recognition of an asset or liability in a transaction which is not a business combination and at the time of the transaction, affects neither accounting profit nor taxable profit.

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

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

Deferred tax is recognised in profit or loss, except when it arises from a transaction which is recognised directly in equity, in which case the deferred tax is also charged or credited directly in equity, or when it arises from a business combination that is an acquisition, in which case the deferred tax is included in the resulting goodwill or excess of the acquirer's interest in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities over the business combination costs. The carrying amounts of deferred tax assets are reviewed at each end of the reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the deferred tax assets to be utilised.

(l) Employee Benefits

(i) *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 association.

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 can be made of the amount of the obligation.

(ii) *Defined Contribution Plan*

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

(m) Cash And Cash Equivalents

Cash comprises cash and bank balances including bank overdrafts. Cash equivalents are short-term, highly liquid investments that are readily convertible to known amounts of cash which are subject to an insignificant risk of changes in value.

3. PROPERTY, PLANT AND EQUIPMENT

The details of property, plant and equipment are as follows:

	Leasehold buildings		Computers		Electrical fittings		Furniture and fittings		Motor vehicle		Office equipment		Renovation		Total		
	RM	RM	RM	RM	RM	RM	RM	RM	RM	RM	RM	RM	RM	RM	RM	RM	
<i>Cost</i>																	
At 1 July 2017	1,320,020	16,310	4,049	24,344	5,150	6,354	185,484	1,561,711									
Additions	-	3,568	-	-	-	-	-	3,568									
At 30 June 2018	1,320,020	19,878	4,049	24,344	5,150	6,354	185,484	1,565,279									
<i>Accumulated depreciation</i>																	
At 1 July 2017	59,327	15,292	1,401	12,434	5,149	5,217	77,705	176,525									
Charge for the financial year	14,831	1,268	830	4,088	-	400	18,498	39,915									
At 30 June 2018	74,158	16,560	2,231	16,522	5,149	5,617	96,203	216,440									
<i>Net carrying amount</i>																	
At 30 June 2018	1,245,862	3,318	1,818	7,822	1	737	89,281	1,348,839									
At 30 June 2017	1,260,693	1,018	2,648	11,910	1	1,137	107,779	1,385,186									
Depreciaton - 2017	14,831	487	476	4,089	-	401	15,454	35,738									

4. OTHER RECEIVABLES

	2018	2017
	RM	RM
Interest receivables	88,132	12,532
Other receivables	33,145	31,678
Deposits	6,058	6,058
	<u>127,335</u>	<u>50,268</u>

5. OTHER ASSETS

	2018	2017
	RM	RM
Prepayments	<u>500</u>	<u>500</u>

6. FIXED DEPOSITS WITH LICENSED BANKS

The weighted average effective interest rate of fixed deposits is 3.75% (2017: 3.68%) per annum.

The fixed deposits with licenced banks have an average maturity of 92 days (2017: 92 days).

7. ACCUMULATED FUNDS

	2018	2017
	RM	RM
At 1 July 2017/2016	1,473,543	1,459,731
Surplus for the financial year	<u>68,762</u>	<u>13,812</u>
At 30 June	<u>1,542,305</u>	<u>1,473,543</u>

8. MEMBERS' CONTRIBUTION FUND

	2018	2017
	RM	RM
The Members' Contribution Fund is the Association's working capital to effectively conduct its principal activities as referred to in <i>Note 1</i>	<u>5,000,000</u>	<u>5,000,000</u>

9. DEFERRED TAX LIABILITIES

	2018 RM	2017 RM
At 1 July 2017/2016	860	1,449
Realised to profit or loss (<i>Note 11</i>)	<u>3,088</u>	<u>(589)</u>
At 30 June	<u><u>3,948</u></u>	<u><u>860</u></u>

The deferred tax liabilities are in respect of taxable temporary differences arising from the qualifying property, plant and equipment's total capital allowances claimed in excess of corresponding accumulated depreciation.

10. OTHER LIABILITIES

	2018 RM	2017 RM
Accruals	<u>7,500</u>	<u>54,527</u>

11. INCOME TAX EXPENSE

	2018 RM	2017 RM
Malaysian income tax:		
- current year's provision	42,256	42,832
- (over)/under provision in respect of prior year	<u>(2,104)</u>	<u>11,377</u>
	40,152	54,209
Deferred tax (<i>Note 9</i>):		
- origination and reversal of temporary difference	<u>3,088</u>	<u>(589)</u>
	<u><u>43,240</u></u>	<u><u>53,620</u></u>

A reconciliation of income tax expense applicable to surplus before taxation at the statutory income tax rate to income tax expense at the effective income tax rate is as follows:

	2018 RM	2017 RM
Surplus before taxation	<u>112,002</u>	<u>67,432</u>
Income tax expense at Malaysian statutory tax rate of 24% (2017: 24%)	26,880	16,183
• Adjustments for the following tax effects:		
- expenses not deductible for tax purposes	25,720	38,160
- lower tax rate for small and medium size industry	(10,344)	(12,100)
- under provision of deferred tax liabilities in respect of prior year	3,088	-
	18,464	26,060
• (Over)/under provision of current income tax in respect of prior year	<u>(2,104)</u>	<u>11,377</u>
	<u>43,240</u>	<u>53,620</u>