

**INSTITUTE FOR DEMOCRACY AND ECONOMIC AFFAIRS BERHAD**  
(Incorporated in Malaysia as a company limited by guarantee)

**REPORTS AND FINANCIAL STATEMENTS FOR THE YEAR ENDED  
31 DECEMBER 2012**

FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2012

TABLE OF CONTENTS

	PAGE
Corporate information	2
Directors' report	3 – 7
Statement by directors	8
Statutory declaration	8
Report of the independent auditors	9 – 10
Statement of Financial Position	11
Statement of Comprehensive Income and Expenditure	12
Statement of Changes in General Fund	13
Statement of Cash Flow	14
Notes to the financial statements	15 – 29

**INSTITUTE FOR DEMOCRACY AND ECONOMIC AFFAIRS BERHAD**  
*(Incorporated in Malaysia as a company limited by guarantee)*  
Company No.: 940689-W

## **CORPORATE INFORMATION**

### **BOARD OF DIRECTORS**

Tunku Zain Al-Abidin Ibni Tuanku Muhriz  
Wan Saifulruddin Bin Wan Jan  
Wan Mohd Firdaus Bin Wan Mohd Fuaad

### **COMPANY SECRETARY**

Alwizah Al-Yaffi Binti Ahmad Kamal

### **REGISTERED ADDRESS**

43-2, Plaza Damansara  
Jalan Medan Setia 1  
Bukit Damansara  
50490 Kuala Lumpur

### **AUDITORS**

A. Razak & Co. (AF 0842)  
Chartered Accountants  
51-2D, 2nd Floor, Jalan Pandan 3/10  
Pandan Jaya  
55100 Kuala Lumpur

### **PRINCIPAL BANKER**

CIMB Bank Berhad

**INSTITUTE FOR DEMOCRACY AND ECONOMIC AFFAIRS BERHAD**

*(Incorporated in Malaysia as a company limited by guarantee)*

Company No.: 940689-W

**DIRECTORS' REPORT  
FOR THE YEAR ENDED 31 DECEMBER 2012**

The directors hereby submit their report together with the audited financial statements of the INSTITUTE FOR DEMOCRACY AND ECONOMIC AFFAIRS BERHAD ("the Institute") for the year ended 31 December 2012.

**PRINCIPAL ACTIVITIES**

The Institute is engaged in promoting economic and democracy ideas, policies and understanding.

There was no significant change in the nature of these activities during the year.

**FINANCIAL RESULTS**

	RM
Surplus of income over expenditure	<u>18,084</u>

In the opinion of the directors, the results of the operations of the Institute during the year have not been substantially affected by any item, transaction or event of a material and unusual nature.

**RESERVES AND PROVISIONS**

There were no material transfers to or from reserves or provisions during the year.

**DIRECTORS' BENEFITS**

During and at the end of the year, no arrangements subsisted to which the Institute is a party, with the object or objects of enabling directors of the Institute to acquire benefits by means of the acquisition of shares in, or debentures of, the Institute or any other body corporate.

Since the date of last report, no director has received or become entitled to receive a benefit by reason of a contract made by the Institute or a related corporation with the director or with a firm of which the director is a member, or with a company in which the director has a substantial financial interest.

**INSTITUTE FOR DEMOCRACY AND ECONOMIC AFFAIRS BERHAD**

*(Incorporated in Malaysia as a company limited by guarantee)*

Company No.: 940689-W

**DIRECTORS**

The directors who held office since the date of last report are:

Tunku Zain Al-Abidin Ibnu Tuanku Muhriz

Wan Saifulruddin Bin Wan Jan

Wan Mohd Firdaus Bin Wan Mohd Fuaad

**BAD AND DOUBTFUL DEBTS**

Before the financial statements were made out, the directors took reasonable steps to ascertain that action has been taken in relation to the writing off of bad debts and the making of allowance for doubtful debts, and have satisfied themselves that all known bad debts have been written off and that adequate allowance has been made for doubtful debts.

At the date of this report, the directors are not aware of any circumstances which would render the amounts written off for bad debts or the amount of the allowance for doubtful debts in the financial statements of the Institute inadequate to any substantial extent.

**CURRENT ASSETS**

Before the financial statements were made out, the directors took reasonable steps to ensure that any current assets, other than debts, which were unlikely to realise in the ordinary course of business their values as shown in the accounting records of the Institute have been written down to an amount which they might be expected to realise.

At the date of this report, the directors are not aware of any circumstances which would render the values attributed to current assets in the financial statements of the Institute misleading.

**VALUATION METHODS**

At the date of this report, the directors are not aware of any circumstances, which have arisen which render adherence to the existing method of valuation of assets or liabilities of the Institute misleading or inappropriate.

## **CONTINGENT AND OTHER LIABILITIES**

At the date of this report, there does not exist:

- a) any charge on the assets of the Institute which has arisen since the date of last report which secures the liabilities of any other person, or
- b) any contingent liability of the Institute which has arisen since the date of last report.

No contingent or other liability has become enforceable or is likely to become enforceable within the period of twelve months after the end of the financial year which, in the opinion of the directors, will affect the ability of the Institute to meet its obligations when they fall due.

## **CHANGE OF CIRCUMSTANCES**

At the date of this report, the directors are not aware of any circumstances not otherwise dealt with in this report or the financial statements which would render any amounts stated in the financial statements misleading.

## **ITEMS OF AN UNUSUAL NATURE**

The results of the operations of the Institute for the year ended 31 DECEMBER 2012 were not, in the opinion of the directors, substantially affected by any item, transaction or event of a material and unusual nature.

## **EVENTS SUBSEQUENT TO BALANCE SHEET DATE**

There has not arisen in the interval between the end of the financial year and the date of this report any item, transaction or event of a material and unusual nature likely, in the opinion of the directors, to affect substantially the results of the operations of the Institute for the financial year in which this report is made.

INSTITUTE FOR DEMOCRACY AND ECONOMIC AFFAIRS BERHAD  
*(Incorporated in Malaysia as a company limited by guarantee)*  
Company No.: 940689-W

## AUDITORS

The auditors, Messrs. A. Razak & Co., have indicated their willingness to be re-appointed in accordance with Section 172(2) of the Companies Act, 1965.

**INSTITUTE FOR DEMOCRACY AND ECONOMIC AFFAIRS BERHAD**

*(Incorporated in Malaysia as a company limited by guarantee)*

Company No.: 940689-W

Signed on behalf of the Board in accordance with a resolution of the Directors,



TUNKU ZAIN AL-ABIDIN IBNI TUNKU MUHRIZ  
**Director**



WAN SAIFULRUDDIN BIN WAN JAN  
**Director**

Kuala Lumpur, Malaysia

Date: **10 JUN 2013**



**INSTITUTE FOR DEMOCRACY AND ECONOMIC AFFAIRS BERHAD**

*(Incorporated in Malaysia as a company limited by guarantee)*

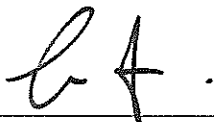
Company No.: 940689-W

**STATEMENT BY DIRECTORS**

**Pursuant to Section 169 (15) of the Companies Act, 1965**

We, TUNKU ZAIN AL-ABIDIN IBNI TUNKU MUHRIZ and WAN SAIFULRUDDIN BIN WAN JAN, two of the directors of INSTITUTE FOR DEMOCRACY AND ECONOMIC AFFAIRS BERHAD do hereby state that, in our opinion, the financial statements set out in page 11 to are drawn up so as to give a true and fair view of the state of affairs of the Institute as at 31 DECEMBER 2012 and of the results and cash flows for the financial year ended on that date in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the Companies Act, 1965 in Malaysia.

Signed on behalf of the Board in accordance with a resolution of the Directors,



TUNKU ZAIN AL-ABIDIN IBNI  
TUNKU MUHRIZ  
Director



WAN SAIFULRUDDIN BIN  
WAN JAN  
Director

Kuala Lumpur

Date: 10 JUN 2013

**STATUTORY DECLARATION**

**Pursuant to Section 169 (16) of the Companies Act, 1965**

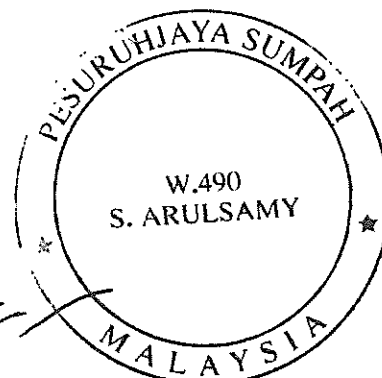
I, WAN SAIFULRUDDIN BIN WAN JAN, the director primarily responsible for the financial management of INSTITUTE FOR DEMOCRACY AND ECONOMIC AFFAIRS BERHAD, do solemnly and sincerely declare that the financial statements set out in page 11 to are, in my opinion, correct and I make this solemn declaration conscientiously believing the same to be true, and by virtue of the provisions of the Statutory Declarations Act, 1960.

Subscribed and solemnly declared by the above named WAN SAIFULRUDDIN BIN WAN JAN (I/C No. 750620-02-5579) at Kuala Lumpur in the state of Wilayah Persekutuan on this 10 JUN 2013



WAN SAIFULRUDDIN BIN  
WAN JAN

Before me,  
Commissioner for Oaths



16 - Tingkat Bawah Jalan Pudu.  
55100 Kuala Lumpur.

**REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF  
INSTITUTE FOR DEMOCRACY AND ECONOMIC AFFAIRS BERHAD  
(Company No.940689-W)  
(Incorporated in Malaysia as a company limited by guarantee)**

**Report on the Financial Statements**

We have audited the financial statements of INSTITUTE FOR DEMOCRACY AND ECONOMIC AFFAIRS BERHAD, which comprise the statement of financial position as at 31 December 2012, and the statement of comprehensive income and expenditure, statement of changes in general fund and statement of cash flow for the year then ended, and a summary of significant accounting policies and other explanatory information, as set out on pages 11 to 29.

*Directors' Responsibility for the Financial Statements*

The Directors of the Institute are responsible for the preparation of financial statements that give a true and fair view in accordance with the Malaysian Financial Reporting Standards, International Financial Reporting Standards and the Companies Act, 1965 in Malaysia, and for such internal control as the directors determine are necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

*Auditors' Responsibility*

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with approved standards on auditing in Malaysia. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on our judgment, including the assessment of risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the Company's preparation of financial statements that give a true and fair view 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 Company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

**REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF  
INSTITUTE FOR DEMOCRACY AND ECONOMIC AFFAIRS BERHAD**  
(Company No.: 940689-W)  
(Incorporated in Malaysia as a company limited by guarantee)

*Opinion*


In our opinion, the financial statements have been properly drawn up in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the Companies Act, 1965 in Malaysia so as to give a true and fair view of the financial position of the Institute as of 31 December 2012 and of its financial performance and cash flows for the year then ended.

**Report on Other Legal and Regulatory Requirements**

In accordance with the requirements of the Companies Act, 1965 in Malaysia, we also report that in our opinion the accounting and other records and the registers required by the Act to be kept by the Institute have been properly kept in accordance with the provisions of the Act.

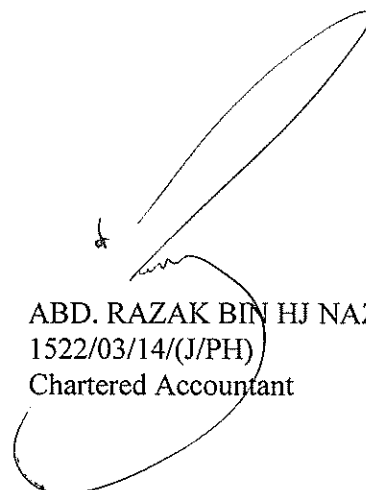
**Other Matters**

This report is made solely to the members of the Institute, as a body, in accordance with Section 174 of the Companies Act, 1965 in Malaysia and for no other purpose. We do not assume responsibility to any other person for the content of this report.



A. RAZAK & CO.  
AF 0842  
Chartered Accountants

Kuala Lumpur  
Date: 10 JUN 2013



ABD. RAZAK BIN HJ NAZAH DIN  
1522/03/14/(J/PH)  
Chartered Accountant

**INSTITUTE FOR DEMOCRACY AND ECONOMIC AFFAIRS BERHAD**

*(Incorporated in Malaysia as a company limited by guarantee)*

Company No.: 940689-W

**STATEMENT OF FINANCIAL POSITION  
AS AT 31 DECEMBER 2012**

	Note	2012 RM	2011 RM
<b>NON CURRENT ASSETS</b>			
Plant and equipment	5	151,096	29,647
<b>CURRENT ASSETS</b>			
Trade receivables	6	122,787	-
Other receivables	7	16,045	-
Cash and bank balances		5,148	5,393
		143,980	5,393
<b>CURRENT LIABILITIES</b>			
Trade payables	8	7,900	-
Other payables	9	399,203	193,911
Bank overdrawn		28,760	
		435,863	193,911
<b>NET CURRENT LIABILITIES</b>		(291,883)	(188,518)
		(140,787)	(158,871)
<b>REPRESENTED BY:</b>			
<b>FUND EMPLOYED</b>			
Balance at beginning of the year		(158,871)	-
Surplus/(deficit) of income over expenditure		18,084	(158,871)
Balance as at end of the year		(140,787)	(158,871)

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

**INSTITUTE FOR DEMOCRACY AND ECONOMIC AFFAIRS BERHAD**

*(Incorporated in Malaysia as a company limited by guarantee)*

Company No.: 940689-W

**STATEMENT OF COMPREHENSIVE INCOME AND EXPENDITURE  
FOR THE YEAR ENDED 31 DECEMBER 2012**

	2012	2011
	RM	RM
INCOME		
Donations	1,236,630	365,653
Tuition fee	7,400	-
	1,244,030	365,653
OTHER INCOME	1,295	-
	1,245,325	365,053
LESS: EXPENDITURE		
Accounting fee	6,000	2,550
Audit fee	4,200	2,500
Advertisement	18,720	-
Cleaning expenses	5,362	-
Consultancy fee	104,253	-
Director's remuneration	178,952	-
Entertainment	11,328	-
Filing fee	150	-
Loss on foreign exchange	1,346	-
Bank charges	850	290
Depreciation	18,540	4,523
Design and layout	11,540	7,050
EPF & Socso	28,706	11,841
Event management expenses	216,886	8,546
Honorarium	8,829	15,250
Marketing materials	7,042	20,894
Membership fee	250	-
Office expenses	6,749	-
Registration fee	3,030	-
Research fee	37,500	-
Material booklet and literature	9,904	5,196
Media monitoring	-	8,750
Meeting and networking	-	14,812
Miscellaneous cost	-	16,731
Penalty	-	443
Postages and courier	1,465	1,327
Professional fee	22,904	-
Printing and stationery	25,252	28,336
Refreshment	9,404	31,126
Rental of photocopier	6,050	3,300
Rental of premises	50,400	19,800
Salaries, wages and allowances	317,638	225,979
Secretarial fee	1,908	2,185
Staff training and benefits	22,169	11,535
	1,137,327	442,964

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

STATEMENT OF COMPREHENSIVE INCOME AND EXPENDITURE (CONT'D)  
 FOR THE YEAR ENDED 31 DECEMBER 2012

	Note	2012 RM	2011 RM
		1,137,327	442,964
Stamping		220	-
Subscription fees		-	6,012
Tax fees		1,200	3,200
Telephone charges		8,684	8,491
Translation and editing expenses		-	8,330
Toll, petrol and parking		7,221	-
Travelling and accommodation		61,144	34,375
Upkeep of office		-	12,956
Upkeep of office equipment		1,802	-
Water and electricity		3,559	-
Video and photography		2,200	6,200
Website fees		3,884	1,996
		1,227,241	524,524
Surplus/(deficit) of income over expenditure		18,084	(158,871)
Taxation	10	-	-
Net surplus/(deficit) of income over expenditure		18,084	(158,871)

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

INSTITUTE FOR DEMOCRACY AND ECONOMIC AFFAIRS BERHAD

*(Incorporated in Malaysia as a company limited by guarantee)*

Company No.: 940689-W

STATEMENT OF CHANGES IN GENERAL FUND  
FOR THE YEAR ENDED 31 DECEMBER 2012

	2012	2011
	RM	RM
		RM
As at 1 January 2012	(158,871)	-
Surplus/(deficit) of income over expenditure	<u>18,084</u>	<u>(158,871)</u>
As at 31 December 2012	<u>(140,787)</u>	<u>(158,871)</u>

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

STATEMENT OF CASH FLOW  
 FOR THE YEAR ENDED 31 DECEMBER 2012

	2012 RM	2011 RM
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Surplus/(deficit) before tax	18,084	(158,871)
Adjustment for:-		
Depreciation	18,540	4,523
Operating profit/(loss) before working capital changes	<u>36,624</u>	<u>(154,348)</u>
Increase in receivables	(138,832)	-
Increase in payables	241,952	196,411
Net cash generated from operating activities	<u>139,744</u>	<u>39,563</u>
<b>CASH FLOWS FROM INVESTING ACTIVITY</b>		
Purchase of plant and equipment	(139,989)	(34,170)
Net cash used in investing activity	<u>(139,989)</u>	<u>(34,170)</u>
Net (decrease)/increase in cash and cash equivalents	(245)	5,393
Cash and cash equivalents at beginning of year		-
Cash and cash equivalents at end of the year	<u><u>5,148</u></u>	<u><u>5,393</u></u>

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



**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2012**

**1 GENERAL INFORMATION**

The Institute is principally engaged in raising, receiving and administering funds for education, poor people and charitable purposes and other related activities for the benefit of the community.

The Institute is incorporated in Malaysia as a company limited by guarantee and does not have a share capital.

The registered office is located at 43-2, Plaza Damansara, Jalan Medan Setia 1, Bukit Damansara, 50490 Kuala Lumpur.

The principal place of business is located at D6, Taman Tunku, Bukit Tunku, 50480 Kuala Lumpur.

The financial statements of the Company are presented in Ringgit Malaysia.

**2 BASIS OF PREPARATION**

a) Statement of compliance

The financial statements of the Company have been prepared in accordance with applicable approved Private Entity Reporting Standards (PERS) issued by the Malaysian Accounting Standards Board (MASB), accounting principles generally accepted in Malaysia and the provisions of the Companies Act, 1965.

b) Basis of measurement

The financial statements have been prepared on the historical cost basis.

c) Use of estimates and judgments

The preparation of financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the year in which the estimate is revised and in any future years affected.

### 3 SIGNIFICANT ACCOUNTING POLICIES

#### a) Plant and equipment

Plant and equipment is stated at cost less accumulated depreciation and accumulated impairment losses. Cost includes expenditure that is directly attributable to the acquisition of the items. Subsequent costs are included in the asset's carrying amount 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 Institute and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance costs are charged to the profit or loss during the financial year in which they are incurred.

Plant and equipment is depreciated on a straight-line basis to write down the cost or valuation of each asset to their residual values over their estimated useful lives. The principal annual depreciation rate is 10%.

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, annually.

The carrying amount of an item of 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 recognised in the profit or loss.

#### b) Impairment of assets

At each balance sheet date, the Company assesses whether there is any indication that an asset may be impaired. If any such indication exists, the recoverable amounts of the assets are estimated. Irrespective of whether there is any indication of impairment, the Company tests an intangible asset with an indefinite useful life or an intangible asset not yet available for use for impairment annually.

### 3 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

#### (b) Impairment of assets (cont'd)

When it is not possible to estimate the recoverable amount of an individual asset, the Company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Recoverable amount is the higher of the net selling price 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 its 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 goodwill allocated to the cash-generating unit, and then, to the other assets of the unit pro rata on the basis of the carrying amount of each asset in the unit.

An impairment loss is recognised immediately in income statement, unless it reverses a previous revaluation, in which case it is treated as a revaluation decrease.

An impairment loss recognised in prior periods for an asset is reversed if there has been a change in the estimate used to determine the asset's recoverable amount. An impairment loss is reversed only 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, and is recognised immediately in income statement, unless it reverses a previous revaluation, in which case it is treated as a revaluation increase.

#### c) Receivables

Receivables are initially measured at anticipated realisable values. Appropriate allowances for estimated irrecoverable amounts are recognised in income statement.

#### d) Cash and cash equivalents

Cash and cash equivalents comprise cash and bank balances, short-term deposits and other short-term, highly liquid investments that are readily convertible to a known amount of cash with an insignificant risk of changes in value. For the purpose of the cash flow statement, cash and cash equivalents are presented net of bank overdrafts.

### 3 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

c) Payables

Payables are stated at cost which is the consideration to be paid in the future for goods and services rendered.

f) Share capital

Share capital issued by the Company is recognised at the proceeds received, net of direct issue costs.

Dividends on ordinary shares will be recognised as liabilities when the shareholders' rights to receive the dividends are established.

g) Income recognition

Income from fund raising activities are recognized on the following basis:

- (i) to the extent that activities are completed on or before the balance sheet date, any surplus or deficit is recognized in the income statement.
- (ii) To the extent that activities take place after the end of the financial year, any income received and expense incurred is recognized in the balance sheet.

Donation income is accounted for when the right to receive donations is established.

h) Employment benefits

*(i) Short-Term Employment Benefits*

Short-term employment benefits, such as wages, salaries and social security contributions, are recognised as an expense in the period in which the associated services are rendered by employees of the Company.

Short-term accumulating compensated absences, such as paid annual leave, are recognised when the employees render services that increase their entitlement to future compensated absences. Non-accumulating compensated absences, such as sick and medical leaves, are recognised when the absences occur.

The expected cost of accumulating compensated absences is measured as the additional amount expected to be paid as a result of the unused entitlement that has accumulated at the balance sheet date.

### 3 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

#### (h) Employment benefits

##### *(i) Short-Term Employment Benefits*

Profit-sharing and bonus plans are recognised when the Company has a present legal or constructive obligation to make payments as a result of past events and a reliable estimate of the obligation can be made. A present obligation exists when, and only when the Company has no realistic alternative but to make the payments.

##### *i. Defined Contribution Plan*

Contributions to the statutory pension scheme are recognised as an expense in income statement in the period to which they relate.

#### (i) Income tax

No provision has been made for taxation as the Institute is a charitable institution which is exempted from tax by virtue of Section 127(1) of the Income Tax Act, 1967 (Paragraph 13 (1)(a) of Schedule 6).

#### (j) Financial instruments

Financial instruments carried in the balance sheet include deposits, cash and bank balances and payables. There are not off balance sheet financial instruments.

##### Financial risk management objectives and policies

Credit risk arises when customers' commitment in respect of fund raising activities are not met.

Its deposits are placed with creditworthy financial institutions. It also seeks to control credit risk by ensuring that the income is derived from the organisation or person with an appropriate credit history.

##### Fair values

The carrying value of financing assets and liabilities of the Institute at the balance sheet except for investment in quoted shares approximated their fair values.

The fair values for financial assets and liabilities with a maturity of less than one year other than investment in quoted shares are assumed to approximate their face values. The fair value of the investment in quoted shares is disclosed on the face of the balance sheet.

### 3 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

- (k) Changes in accounting policies and effects arising from adoption of new and revised MFRS

On 19 November 2011, the MASB issued a new MASB approved accounting framework, the MFRS. The MFRS is to be applied by all Entities Other Than Private Entities for annual periods beginning on or after 1 January 2012, with the exception if entities that are within the scope of MFRS 141 Agriculture ("MFRS 141") and IC Interpretation 15 Agreements for Construction of Real Estate ("IC 15"), including its parent, significant investor and venture (herein called "Transitioning Entities"). Transitioning Entities will be allowed to defer adoption of the new MFRS for an additional two years. Consequently, the adoption of the MFRS by Transitioning Entities will be mandatory for annual periods beginning on or after 1 January 2014.

The Institute do not fall within the scope of the Transitioning Entities and thus, during the financial year, the Institute have adopted the following new and revised Malaysian Financial Reporting Standards and Interpretations (collectively referred to as "MFRSs"), issued by the Malaysian Accounting Standards Board ("MASB") and effective for the financial periods beginning on or after 1 January 2012:

- (i) MFRSs that do not have significant impacts on these financial statements

The Company has early adopted the amendments to MFRS 101, Presentation of Financial Statements which are effective for annual periods beginning on or after 1 July 2012. The early adoption of the amendments to MFRS 101 has no impact on the financial statements other than the presentation format of the statement of profit or loss and other comprehensive income.

- (ii) MFRSs that affect the reported results and/or financial position

#### *MFRS 1 First-time Adoption of Malaysian Financial Reporting Standards*

#### **MFRSs, Interpretations and amendments effective for annual periods beginning on or after 1 January 2013**

- MFRS 10, *Consolidated Financial Statements*
- MFRS 11, *Joint Arrangements*
- MFRS 12, *Disclosure of Interests in Other Entities*
- MFRS 13, *Fair Value Measurement*
- MFRS 119, *Employee Benefits (2011)*
- MFRS 127, *Separate Financial Statements (2011)*
- MFRS 128, *Investments in Associated and Joint Ventures (2011)*

### 3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(k) Changes in accounting policies and effects arising from adoption of new and revised MFRS (cont'd)

- IC Interpretation 20, *Stripping Costs in the Production Phase of a Surface Mine*
- Amendments to MFRS 7, *Financial Instruments: Disclosure-Offsetting Financial Assets and Financial Liabilities*
- Amendments to MFRS 1, *First-time Adoption of Malaysian Financial Reporting Standards-Government Loans*
- Amendments to MFRS 1, *First-time Adoption of Malaysian Financial Reporting Standards (Annual Improvements 2009-2011 Cycle)*
- Amendments to MFRS 101, *Presentation of Financial Statements (Annual Improvements 2009-2011 Cycle)*
- Amendments to MFRS 116, *Property, Plant and Equipment (Annual Improvements 2009-2011 Cycle)*
- Amendments to MFRS 132, *Financial Instruments: Presentation (Annual Improvements 2009-2011 Cycle)*
- Amendments to MFRS 134, *Interim Financial Reporting (Annual Improvements 2009-2011 Cycle)*
- Amendments to MFRS 10, *Consolidated Financial Statements: Transition Guidance*
- Amendments to MFRS 11, *Joint Arrangement: Transition Guidance*
- Amendments to MFRS 12, *Disclosure of Interests in Other Entities: Transition Guidance*

**MFRSs, Interpretations and amendments effective for annual periods beginning on or after 1 January 2014**

- Amendments to MFRS 132, *Financial Instruments: Presentation-Offsetting Financial Assets and Financial Liabilities*

### 3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

- (k) Changes in accounting policies and effects arising from adoption of new and revised MFRS (cont'd)

The Company plan to apply the abovementioned standards, amendments and interpretations:-

- from the annual period beginning on 1 January 2013 for those standards, amendments or interpretations that are effective for annual periods beginning on or after 1 January 2013, except for MFRS 11, MFRS 127, MFRS 128, IC Interpretation 20 and Amendments to MFRS 12 which are not applicable to the Company.
- from the annual period beginning on 1 January 2014 for those standards, amendments or interpretations that are effective for annual periods beginning on or after 1 January 2014.
- from the annual period beginning on 1 January 2015 for those standards, amendments or interpretations that are effective for annual periods beginning on or after 1 January 2015.

The initial application of a standard which will be applied prospectively or which requires extended disclosures, is not expected to have any financial impacts to the current and prior periods financial statements upon their first adoption.

Material impact of initial application of a standard, which will be applied retrospectively, is disclosed below:

#### MFRS 13 Fair Value Measurement

MFRS 13 establishes a single source of guidance for fair value measurements and disclosures about fair value measurements. MFRS 13 defines fair value, establishes a framework for measuring fair value, and requires disclosures about fair value measurements. The scope of MFRS 13 is broad; it applies to both financial instrument items and non-financial instrument items for which other MFRSs require or permit fair value measurements and disclosures about fair value measurements, except in specified circumstances. In general, the disclosure requirements in MFRS 13 are more extensive than those required in the current standards.



### 3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

- (k) Changes in accounting policies and effects arising from adoption of new and revised MFRS (cont'd)

#### Amendments to MFRS 101 *Presentation of Financial Statements*

The amendments to MFRS 101 retain the option to present profit or loss and other comprehensive income in either a single statement or in two separate but consecutive statements. However, the amendments to MFRS 101 require additional disclosures to be made in the other comprehensive income section such that items of other comprehensive income are grouped into two categories: (a) items that will not be reclassified subsequently to profit or loss; and (b) items that will be reclassified subsequently to profit or loss when specific conditions are met. Income tax on items of other comprehensive income is required to be allocated on the same basis.

At the date of the financial statements are authorised for issue, the impacts of the adoptions of these MFRSs are yet to be reasonably estimated. Hence, the impacts on the adoption of new accounting policies are not disclosed.

### 4. SIGNIFICANT ACCOUNTING JUDGMENTS AND ESTIMATES

The preparation of the Institute's financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities at the reporting date. However, uncertainty about this assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amount of the asset or liability affected in the future.

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

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

- (a) Useful lives of plant and equipment

The cost of plant and equipment is depreciated on a straight-line basis over the asset's useful lives. Management estimates the useful lives of these plant and equipment to be 5 to 10 years based on the current conditions of the assets in operation after 15 years and proper maintenance schedule, therefore the future depreciation charges could be revised.

#### 4. SIGNIFICANT ACCOUNTING JUDGMENTS AND ESTIMATES (CONT'D)

(b) Impairment of loans and receivables

The Company assesses at each reporting date whether there is any objective evidence that a financial asset is impaired. To determine whether there is objective evidence of impairment, the Company considers factors such as the probability of insolvency or significant financial difficulties of the debtors and default or significant delay in payments.

Where there is objective evidence of impairment, the amount and timing of future cash flows are estimated based on historical loss experience for assets with similar credit risk characteristics.

(c) Impairment of non-financial assets

When the recoverable amount of an asset is determined based on the estimate of the value-in-use of the cash-generating unit to which the asset is allocated, the management is required to make an estimate of the expected future cash flows from the cash generating unit and also apply a suitable discount rate in order to determine the present value of those cash flows.

(d) Fair value estimates for certain financial assets and liabilities

The Company carries certain financial assets and liabilities at fair value, which requires extensive use of accounting estimates and judgement. While significant components of fair value measurement were determined using verifiable objective evidence, the amount of changes in fair value would differ if the Company uses different valuation methodologies. Any changes in fair value of these assets and liabilities would affect profit and/or equity.

5. PLANT AND EQUIPMENT

	Furniture and fittings		Computer Software		Office equipment		Renovation		Total	
	RM	RM	RM	RM	RM	RM	RM	RM	RM	RM
<i>COST</i>										
Balance at 1 January	16,868	11,059	6,242	-					34,169	
Addition	1,159	185	25,214	113,431					139,989	
Balance at 31 December	18,027	11,244	31,456	113,431					174,158	
<i>ACCUMULATED DEPRECIATION</i>										
Balance at 1 January	1,687	2,211	624	-					4,522	
Charge during the year	1,803	2,249	3,146	11,342					18,540	
Balance at 31 December	3,490	4,460	3,770	11,342					23,062	
<i>NET BOOK VALUE</i>										
At 31 DECEMBER 2012	14,537	6,784	27,686	102,089					151,096	
At 31 DECEMBER 2011	15,181	8,848	5,618	-					29,647	
Depreciation charge for the period ended 31.12.2011	2,311	2,211	-	-					4,522	

**6. TRADE RECEIVABLES**

The Company's normal trade credit term is 30 days. Other credit terms are assessed and approved on a case-by-case basis.

The Company has no significant concentration of credit risk that may arise from exposures to a single debtor or to groups of debtors.

**7. OTHER RECEIVABLES**

	<b>2012</b>	<b>2011</b>
	<u>RM</u>	<u>RM</u>
Amount due from a related company	6,645	-
Deposits	8,400	-
Prepayment	1,000	-
	<u>16,045</u>	<u>-</u>

**8. TRADE PAYABLES**

The normal trade credit term granted to the Company is 90 days.

**9. OTHER PAYABLES**

	<b>2012</b>	<b>2011</b>
	<u>RM</u>	<u>RM</u>
Amount due to a related company	357,275	
Other payables	10,325	191,411
Accruals	31,603	2,500
	<u>399,203</u>	<u>193,911</u>

**10. INCOME TAX EXPENSE**

No provision has been made for taxation as the Institute is a charitable institution which is exempted from tax by virtue of Section 127(1) of the Income Tax Act, 1967 (Paragraph 13 (1)(a) of Schedule 6).

## 11. FINANCIAL INSTRUMENTS

### (a) Financial Risk Management Objectives and Policies

The Company's financial risk management policy seeks to ensure that adequate financial resources are available for the development of the Company's business whilst managing its foreign exchange, interest rate, credit, liquidity and cash flow risks.

### (b) Foreign Exchange Risk

The Company operates solely in Malaysia and therefore is not exposed to foreign exchange risk.

### (c) Interest Rate Risk

The Company is not exposed to interest rate risk as it has no long term interest-bearing assets or interest-bearing debts as at 31 December 2012.

### (d) Credit Risk

The Company has a credit assessment in place and the exposure to credit risk is monitored on an ongoing basis. Credit evaluations are performed on all customers requiring credit over a certain amount.

### (e) Liquidity and Cash Flow Risk

The Institute maintains sufficient cash to enable it to meet its operational obligations when they fall due.

### (f) Fair Values

The carrying amounts of financial assets and liabilities as at statement of financial position date approximated their fair values.

## 12. GUARANTEE BY MEMBERS

Under the Memorandum and Articles of Association, every member undertakes to contribute (if found necessary upon the winding up of the Institute) a sum of not more than RM100 towards the assets of the Institute.

Lodged on behalf by:

Akal Corporate Advisors Sdn. Bhd. (896940 K)  
43-2, Plaza Damansara  
Jalan Medan Setia 1  
Bukit Damansara  
50490 Kuala Lumpur  
Tel: + 603 2011 4745 / + 603 2011 6745  
Fax: + 603 2011 5745