VICTORIA INSTITUTION OLD BOYS' ASSOCIATION

FINANCIAL STATEMENTS
for the financial year ended 31 December 2016

Contents

VICTORIA INSTITUTION OLD BOYS' ASSOCIATION

STATEMENT BY MANAGEMENT COMMITTEE

We, the undersigned, state that the financial statements set out on pages 5 to 23 are properly drawn up in accordance with Malaysian Financial Reporting Standards and International Financial Reporting Standards so as to give a true and fair view of the financial position of Victoria Institution Old Boys' Association as of 31 December 2016 and of its financial performance and cash flows for the financial year ended on that date.

Kwek Keng Chye
President

Nik Mohd Sidek Bin Nik Jaffar
Honorary Treasurer

Kuala Lumpur

Date 3 1 MAR 2017

Crowe Horwath™

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INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF VICTORIA INSTITUTION OLD BOYS' ASSOCIATION

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Opinion

We have audited the financial statements of Victoria Institution Old Boys' Association, which comprise the statement of financial position as at 31 December 2016, and the statement of profit or loss and other comprehensive income and statement of cash flows for the financial year then ended, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages 5 to 23.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Association as at 31 December 2016, and of its financial performance and its cash flows for the financial year then ended in accordance with Malaysian Financial Reporting Standards and International Financial Reporting Standards.

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.

Responsibilities of the Management Committee for the Financial Statements

The management committee of the Association is responsible for the preparation of financial statements of the Association that give a true and fair view in accordance with Malaysian Financial Reporting Standards and International Financial Reporting Standards. The management committee is 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 is 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.

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INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF VICTORIA INSTITUTION OLD BOYS' ASSOCIATION (CONT'D)

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements of the Association as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with approved standards on auditing in Malaysia and International Standards on Auditing will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

- Identify and assess the risks of material misstatement of the financial statements of the Association, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Association's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the management committee.

- Conclude on the appropriateness of the management committee's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Association's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements of the Association or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Association to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements of the Association, including the disclosures, and whether the financial statements of the Association 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.

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INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF VICTORIA INSTITUTION OLD BOYS' ASSOCIATION (CONT'D)

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.

Crowe Horwath

Crowe Horwath
Firm No: AF 1018
Chartered Accountants

3 1 MAR 2017

Kuala Lumpur

VICTORIA INSTITUTION OLD BOYS' ASSOCIATION

STATEMENT OF FINANCIAL POSITION AT 31 DECEMBER 2016

	NOTE	2016 RM	2015 RM
ASSETS			
NON-CURRENT ASSET			
Property and equipment	4	54,915	68,759
CURRENT ASSETS			
Deposits		2,240	2,240
Current tax assets		173	173
Cash and bank balances		34,492	40,021
		36,905	42,434
TOTAL ASSETS		91,820	111,193
ACCUMULATED FUND AND LIABILITY			
Accumulated fund	5	63,917	75,265
CURRENT LIABILITY			
Other payables and accruals		27,903	35,928
TOTAL ACCUMULATED FUND AND LIABILITY		91,820	111,193

VICTORIA INSTITUTION OLD BOYS' ASSOCIATION

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

	2016 RM	2015 RM
INCOME		
Annual dinner	47,850	13,605
Donations and sponsorships received	40,900	98,700
Life membership fee	600	7,800
Rental income	7,550	2,400
Sale of goods	2,855	5,260
Inter-alumni/Annual golf tournament	38,600	-
	138,355	127,765
LESS: EXPENDITURES		
Accounting fee	3,000	3,180
Annual General Meeting expenses	3,960	1,831
Annual dinner	58,197	-
Audit fee	4,000	4,000
Bank charges	14	75
Board of Governors	-	4,300
Depreciation of property and equipment	13,844	13,844
Donation/Charity	10,000	101,001
Goods and services tax expenses	1,792	788
Honorarium to:		
- Honorary Secretary	-	3,600
- Honorary Treasurer	-	3,600
Insurance	1,285	1,362
Other miscellaneous expenses	34	545
Printing and stationery	900	-
Quit rent	1,808	1,121
Rental	-	6,000
Sport expenses/tournament	45,479	3,050
Upkeep of building	650	-
Water and electricity	4,740	11,014
	149,703	159,311
DEFICIT OF INCOME OVER EXPENDITURES	(11,348)	(31,546)
ACCUMULATED FUND BROUGHT FORWARD	75,265	106,811
ACCUMULATED FUND CARRIED FORWARD	63,917	75,265

VICTORIA INSTITUTION OLD BOYS' ASSOCIATION

STATEMENT OF CASH FLOWS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

	2016 RM	2015 RM
CASH AND BANK BALANCES BROUGHT FORWARD	40,021	55,642
RECEIPTS		
Annual dinner	47,850	13,605
Donation and sponsorships received	40,900	98,700
Life membership fee	600	7,800
Rental income	7,550	2,400
Sale of goods	2,855	5,260
Inter-Alumni/Annual Golf Tournament	38,600	-
	138,355	127,765
PAYMENTS		
Accounting fee	3,180	2,862
Annual General Meeting expenses	3,960	1,831
Annual dinner	58,197	-
Audit fee	4,000	4,000
Bank charges	14	75
Board of governance	-	4,300
Donation/charity	17,401	93,600
Goods and services tax expenses	2,236	344
Insurance	1,285	1,362
Purchase of property and equipment	-	9,600
Printing and stationery	900	-
Other miscellaneous expenses	34	545
Quit rent	1,808	395
Rental	-	6,000
Staff costs	-	2,500
Sports expenses/tournament	45,479	3,050
Upkeep of building	650	-
Water and electricity	4,740	12,922
	143,884	143,386
CASH AND BANK BALANCES CARRIED FORWARD	34,492	40,021

1. PRINCIPAL ACTIVITY

The Victoria Institution Old Boys' Association is a non-profit association registered under the Societies Act, 1966, established to promote sports, cultural and social activities amongst its members.

2. BASIS OF PREPARATION

The financial statements of the Association are prepared under the historical cost convention and modified to include other bases of valuation as disclosed in other sections under significant accounting policies, and in compliance with Malaysian Financial Reporting Standards ("MFRSs") and International Financial Reporting Standards.

2.1 During the current financial year, the Association has adopted the following new accounting standards and/or interpretations (including the consequential amendments, if any):-

MFRSs and/or IC Interpretations (Including The Consequential Amendments)

MFRS 14 Regulatory Deferral Accounts

Amendments to MFRS 10, MFRS 12 and MFRS 128: Investment Entities – Applying the Consolidation Exception

Amendments to MFRS 11: Accounting for Acquisitions of Interests in Joint Operations

Amendments to MFRS 101: Disclosure Initiative

Amendments to MFRS 116 and MFRS 138: Clarification of Acceptable Methods of Depreciation and Amortisation

Amendments to MFRS 116 and MFRS 141: Agriculture – Bearer Plants

Amendments to MFRS 127: Equity Method in Separate Financial Statements

Annual Improvements to MFRSs 2012 – 2014 Cycle

The adoption of the above accounting standards and/or interpretations (including the consequential amendments, if any) did not have any material impact on the Association's financial statements.

2. BASIS OF PREPARATION (CONT'D)

2.2 The Association has not applied in advance the following accounting standards and/or interpretations (including the consequential amendments, if any) that have been issued by the Malaysian Accounting Standards Board (MASB) but are not yet effective for the current financial year:-

MFRSs and/or IC Interpretations (Including The Consequential Amendments)	Effective Date
MFRS 9 Financial Instruments (IFRS 9 issued by IASB in July 2014)	1 January 2018
MFRS 15 Revenue from Contracts with Customers	1 January 2018
MFRS 16 Leases	1 January 2019
IC Interpretation 22 Foreign Currency Transactions and Advance Consideration	1 January 2018
Amendments to MFRS 2: Classification and Measurement of Share-based Payment Transactions	1 January 2018
Amendments to MFRS 4: Applying MFRS 9 Financial Instruments with MFRS 4 Insurance Contracts	1 January 2018*
Amendments to MFRS 10 and MFRS 128: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	Deferred until further notice
Amendments to MFRS 15: Effective Date of MFRS 15	1 January 2018
Amendments to MFRS 15: Clarifications to MFRS 15 'Revenue from Contracts with Customers'	1 January 2018
Amendments to MFRS 107: Disclosure Initiative	1 January 2017
Amendments to MFRS 112: Recognition of Deferred Tax Assets for Unrealised Losses	1 January 2017
Amendments to MFRS 140 – Transfers of Investment Property	1 January 2018
Annual Improvements to MFRS Standards 2014 – 2016 Cycles: • Amendments to MFRS 12: Clarification of the Scope of Standard	1 January 2017
Annual Improvements to MFRS Standards 2014 – 2016 Cycles: • Amendments to MFRS 1: Deletion of Short-term Exemptions for First-time Adopters • Amendments to MFRS 128: Measuring an Associate or Joint Venture at Fair Value	1 January 2018

* Entities that meet the specific criteria in MFRS 4.20B may choose to defer the application of MFRS 9 until the earlier of the application of the forthcoming insurance contracts standard or annual periods beginning before 1 January 2021.

The adoption of the above accounting standards and/or interpretations (including the consequential amendments, if any) is expected to have no material impact on the financial statements of the Association upon its initial application.

3. SIGNIFICANT ACCOUNTING POLICIES

3.1 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

In the process of applying the Association's accounting policies, the management committee are not aware of any estimates or judgements that have significant effects on the amounts recognised in the financial statements.

There are no assumptions concerning the future and other key sources of estimation of uncertainties at end of the 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.

3.2 FINANCIAL INSTRUMENTS

Financial assets and financial liabilities are recognised in the statement of financial position when the Association has become a party to the contractual provisions of the instruments.

Financial instruments are classified as financial assets, financial liabilities or equity instruments in accordance with the substance of the contractual arrangement and their definitions in MFRS 132. Interest, dividends, gains and losses relating to a financial instrument classified as a liability are reported as an expense or income. Distributions to holders of financial instruments classified as equity are charged directly to equity.

Financial instruments are offset when the Association has a legally enforceable right to offset and intends to settle either on a net basis or to realise the asset and settle the liability simultaneously.

A financial instrument is recognised initially at its fair value. Transaction costs that are directly attributable to the acquisition or issue of the financial instrument (other than a financial instrument at fair value through profit or loss) are added to/deducted from the fair value on initial recognition, as appropriate. Transaction costs on the financial instrument at fair value through profit or loss are recognised immediately in profit or loss.

Financial instruments recognised in the statement of financial position are disclosed in the individual policy statement associated with each item.

(a) Financial Assets

On initial recognition, financial assets are classified as either financial assets at fair value through profit or loss, held-to-maturity investments, loans and receivables financial assets, or available-for-sale financial assets, as appropriate.

(i) Financial Assets at Fair Value through Profit or Loss

As at the end of the reporting period, there were no financial assets classified under this category.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.2 FINANCIAL INSTRUMENTS (CONT'D)

(a) Financial Assets (Cont'd)

(ii) Held-to-maturity Investments

As at the end of the reporting period, there were no financial assets classified under this category.

(iii) Loans and Receivables Financial Assets

Other receivables that have fixed or determinable payments that are not quoted in an active market are classified as loans and receivables financial assets. Loans and receivables financial assets are measured at amortised cost using the effective interest method, less any impairment loss. Interest income is recognised by applying the effective interest rate, except for short-term receivables when the recognition of interest would be immaterial.

The effective interest method is a method of calculating the amortised cost of a financial asset and of allocating interest income over the relevant period. The effective interest rate is the rate that discounts estimated future cash receipts (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial asset, or (where appropriate) a shorter period, to the net carrying amount on initial recognition.

Loans and receivables financial assets are classified as current assets, except for those having settlement dates later than 12 months after the reporting date which are classified as non-current assets.

(iv) Available-for-sale Financial Assets

As at the end of the reporting period, there were no financial assets classified under this category.

(b) Financial Liabilities

(i) Financial Liabilities at Fair Value through Profit or Loss

Fair value through profit or loss category comprises financial liabilities that are either held for trading or are designated to eliminate or significantly reduce a measurement or recognition inconsistency that would otherwise arise. Derivatives are also classified as held for trading unless they are designated as hedges.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.2 FINANCIAL INSTRUMENTS (CONT'D)

(b) Financial Liabilities (Cont'd)

(ii) Other Financial Liabilities

Other financial liabilities are initially measured at fair value plus directly attributable transaction costs and subsequently measured at amortised cost using the effective interest method.

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability, or, where appropriate, a shorter period.

Financial liabilities are classified as current liabilities unless the Association has an unconditional right to defer settlement of the liability for at least 12 months after the reporting date.

(c) Derivative Financial Instruments

Derivative financial instruments are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently remeasured at fair value. Derivatives are carried as financial assets when the fair value is positive and as financial liabilities when the fair value is negative. Any gains or losses arising from changes in fair value on derivatives during the reporting period, other than those accounted for under hedge accounting, are recognised directly in profit or loss.

An embedded derivative is recognised separately from the host contract and accounted for as a derivative if, and only if, it is not closely related to the economic characteristics and risks of the host contract and the host contract is categorised as at fair value through profit or loss. The host contract, in the event an embedded derivative is recognised separately, is accounted for in accordance with policy applicable to the host contract.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.2 FINANCIAL INSTRUMENTS (CONT'D)

(d) Derecognition

A financial asset or part of it is derecognised when, and only when, the contractual rights to the cash flows from the financial asset expire or the financial asset is transferred to another party without retaining control or substantially all risks and rewards of the asset. On derecognition of a financial asset, the difference between the carrying amount and the sum of the consideration received (including any new asset obtained less any new liability assumed) and any cumulative gain or loss that had been recognised in equity is recognised in profit or loss.

A financial liability or a part of it is derecognised when, and only when, the obligation specified in the contract is discharged or cancelled or expires. On derecognition of a financial liability, the difference between the carrying amount of the financial liability extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss.

3.3 PROPERTY AND EQUIPMENT

Property and equipment are stated at cost less accumulated depreciation and impairment losses, if any.

Depreciation is charged to profit or loss (unless it is included in the carrying amount of another asset) on the straight-line method to write off the depreciable amount of the asset over its estimated useful life. Depreciation of an asset does not cease when the asset becomes idle or is retired from active use unless the asset is fully depreciated. The principal annual rates used for this purpose are:-

Short-term leasehold land and building	Amortised over the lease period of 13 years
Renovation	10%
Furniture and fittings	10% to 20%
Office equipment	15%
Computers	20%

The depreciation method, useful life and residual values are reviewed, and adjusted if appropriate, at the end of each reporting period to ensure that the amounts, method and periods of depreciation are consistent with previous estimates and the expected pattern of consumption of the future economic benefits embodied in the items of the property and equipment.

When significant parts of an item of property and equipment have different useful lives, they are accounted for as separate items (major components) of property and equipment.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.3 PROPERTY AND EQUIPMENT (CONT'D)

Subsequent costs are included in the assets' 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 will flow to the Association 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 property and equipment are recognised in profit or loss as 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 Association is obligated to incur when the asset is acquired, if applicable.

An item of property and equipment is derecognised upon disposal or when no future economic benefits are expected from its use. Any gain or loss arising from derecognition of the asset, being the different between net disposal proceeds and the carrying amount, is recognised in the profit or loss.

3.4 IMPAIRMENT

(a) Impairment of Financial Assets

All financial assets (other than those categorised at fair value through profit or loss), are assessed at the end of each reporting period whether there is any objective evidence of impairment as a result of one or more events having an impact on the estimated future cash flows of the asset.

An impairment loss in respect of held-to-maturity investments and loans and receivables financial assets is recognised in profit or loss and is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the financial asset's original effective interest rate.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed through profit or loss to the extent that the carrying amount of the investment at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.4 IMPAIRMENT (CONT'D)

(b) Impairment of Non-Financial Assets

The carrying values of assets, other than those to which MFRS 136 - Impairment of Assets does not apply, are reviewed at the end of each reporting period for impairment when an annual impairment assessment is compulsory or there is an indication that the assets might be impaired. Impairment is measured by comparing the carrying values of the assets with their recoverable amounts. When the carrying amount of an asset exceeds its recoverable amount, the asset is written down to its recoverable amount and an impairment loss shall be recognised. The recoverable amount of the assets is the higher of the assets' fair value less costs to sell and their value-in-use, which is measured by reference to discounted future cash flow using a pre-tax discount rate. Where it is not possible to estimate the recoverable amount of an individual asset, the Association estimates the recoverable amount of the cash-generating unit to which the asset belongs.

An impairment loss is recognised in profit or loss immediately.

When there is a change in the estimates used to determine the recoverable amount, a subsequent increase in the recoverable amount of an asset is treated as a reversal of the previous impairment loss and is recognised to the extent of the carrying amount of the asset that would have been determined (net of amortisation and depreciation) had no impairment loss been recognised. The reversal is recognised in profit or loss immediately.

3.5 EMPLOYEE BENEFITS

(a) Short-term Benefits

Wages, salaries, paid annual leave and sick leave, bonuses and non-monetary benefits are measured on an undiscounted basis and are recognised in profit or loss in the period in which the associated services are rendered by employees of the Association.

(b) Defined Contribution Plans

The Association's contributions to defined contribution plans are recognised in profit or loss in the period to which they relate. Once the contributions have been paid, the Association has no further liability in respect of the defined contribution plans.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.6 INCOME RECOGNITION

(a) Donations

Donations are accounted for on a receipt basis.

(b) Membership fees

Membership fees are recognised on an accrual basis and apportionment is made on fees received in advance.

(c) Income from other services rendered

Income from other services rendered is recognised on an accrual basis when the outcome of the transactions can be estimated reliably. In the event the outcome of the transactions could not be estimated reliably, revenue is recognised to the extent of the expenses incurred that are recoverable.

(d) Rental

Rental are recognised on an accrual basis.

(e) Sale of goods

Sale of goods is recognised upon delivery of goods and customers' acceptance and where applicable, net of returns and discounts.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.7 INCOME TAXES

(a) Current Tax

Current tax assets and liabilities are expected amount of income tax recoverable or payable to the taxation authorities.

Current taxes are measured using tax rates and tax laws that have been enacted or substantively enacted at the end of the reporting period and are recognised in profit or loss except to the extent that the tax relates to items recognised outside profit or loss (either in other comprehensive income or directly in equity).

(b) Deferred Tax

Deferred tax liabilities are recognised for all taxable temporary differences other than those that arise 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 future taxable profits will be available against which the deductible temporary differences, unused tax losses and unused tax credits can be utilised. The carrying amounts of deferred tax assets are reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient future taxable profits will be available to allow all or part of the deferred tax assets to 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 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 taxes relate to the same taxable entity and the same taxation authority.

Deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss. Deferred tax items are recognised in correlation to the underlying transactions either in other comprehensive income or directly in equity.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.7 INCOME TAXES (CONT'D)

(c) Goods and Services Tax ("GST")

Revenues, expenses and assets are recognised net of GST. However, when the GST incurred are related to purchases of assets or services which are not recoverable from the taxation authorities, the GST are included as part of the costs of the assets acquired or as part of the expense item whichever is applicable.

Receivables and payables are stated with the amount of GST included (where applicable).

The net amount of the GST recoverable from or payable to the taxation authorities at the end of the reporting period is included in other receivables or other payables.

3.8 CASH AND CASH EQUIVALENTS

Cash and cash equivalents comprise cash in hand, bank balances, demand deposits and short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value. For the purpose of the statement of cash flows, cash and cash equivalents are presented net of bank overdrafts.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.9 FAIR VALUE MEASUREMENTS

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using a valuation technique. The measurement assumes that the transaction takes place either in the principal market or in the absence of a principal market, in the most advantageous market. For non-financial asset, the fair value measurement takes into account a market's participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

For financial reporting purposes, the fair value measurements are analysed into level 1 to level 3 as follows:-

Level 1: Inputs are quoted prices (unadjusted) in active market for identical assets or liability that the entity can access at the measurement date;

Level 2: Inputs are inputs, other than quoted price included within level 1, that are observable for the asset or liability, either directly or indirectly; and

Level 3: Inputs are unobservable inputs for the asset or liability.

The transfer of fair value between levels is determined as of the date of the event or change in circumstance that caused the transfer.

4. PROPERTY AND EQUIPMENT

Net Book Value	At 1.1.2016 RM	Depreciation Charge RM	At 31.12.2016 RM
Renovation	63,752	(13,038)	50,714
Office equipment	4,317	(720)	3,597
Computers	690	(86)	604
	68,759	(13,844)	54,915

Net Book Value	At 1.1.2015 RM	Addition RM	Depreciation Charge RM	At 31.12.2015 RM
Renovation	67,190	9,600	(13,038)	63,752
Office equipment	5,037	-	(720)	4,317
Computers	776	-	(86)	690
	73,003	9,600	(13,844)	68,759

4. PROPERTY AND EQUIPMENT (CONT'D)

2016	At Cost RM	Accumulated Depreciation RM	Net Book Value RM
Short-term leasehold land and building	390,000	(390,000)	-
Renovation	307,896	(257,182)	50,714
Furniture and fittings	17,995	(17,995)	-
Office equipment	42,131	(38,534)	3,597
Computers	6,905	(6,301)	604
	764,927	(710,012)	54,915

2015	At Cost RM	Accumulated Depreciation RM	Net Book Value RM
Short-term leasehold land and building	390,000	(390,000)	-
Renovation	307,896	(244,144)	63,752
Furniture and fittings	17,995	(17,995)	-
Office equipment	42,131	(37,814)	4,317
Computers	6,905	(6,215)	690
	764,927	(696,168)	68,759

The short-term leasehold land and building had expired in year 2012. Approval for the extension of the leasehold term was obtained on 12 December 2012 for a lease period of 99 years and the management committee is in the midst to negotiate a fee to be paid to the authority. Re-application for the extension of leasehold term was made on 24 May 2016. The management committee is in the midst of getting approval from the authority.

5. ACCUMULATED FUND

	2016 RM	2015 RM
Balance as at 1 January	75,265	106,811
Deficit for the financial year	(11,348)	(31,546)
Balance as at 31 December	63,917	75,265

6. INCOME TAX EXPENSE

The Association is exempted from income taxes on all its income under Schedule 6 Para 13 of the Income Tax Act, 1967.

7. FINANCIAL INSTRUMENTS

The Association's activities are exposed to a variety of market risks (including foreign currency risk, interest rate risk and equity price risk), credit risk and liquidity risk. The Association's overall financial risk management policy focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Association's financial performance.

7.1 FINANCIAL RISK MANAGEMENT POLICIES

The Association's policies in respect of the major areas of treasury activities are as follow:-

(a) Market Risk

(i) Foreign Currency Risk

The Association does not have any transactions or balances denominated in foreign currencies and hence is not exposed to foreign currency risk.

(ii) Interest Rate Risk

The Association does not have any interest-bearing borrowings and hence is not exposed to interest rate risk.

(iii) Equity Price Risk

The Association does not have any quoted investments and hence is not exposed to equity price risk.

7. FINANCIAL INSTRUMENTS (CONT'D)

7.1 FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)

(b) Credit Risk

The Association does not have any major concentration of credit risk related to any individual customer or counterparty.

(c) Liquidity Risk

The liquidity and cash flow risks of the Association are minimal as it maintains adequate funds to meet its obligations as and when they fall due.

7.2 CAPITAL RISK MANAGEMENT

The Association manages its capital by maintaining an optimal capital structure so as to support its operation and maximise members' value.

There was no change in the Associate's approach to capital management during the financial year.

The Association does not have any external borrowings. The debt-to-equity ratio does not provide a meaningful indicator of the risk of borrowings.

7.3 CLASSIFICATION OF FINANCIAL INSTRUMENTS

	2016 RM	**2015** RM
Financial asset		
Loan and Receivable Financial Assets		
Deposits	2,240	2,240
Cash and bank balances	34,492	40,021
	36,732	42,261
Financial liability		
Other Financial Liability		
Other payables and accruals	27,903	35,928

7. FINANCIAL INSTRUMENTS (CONT'D)

7.4 FAIR VALUE MEASUREMENTS

At the end of the reporting period, there were no financial instruments carried at fair values in the statement of financial position.

The fair values of the financial assets and financial liabilities of the Association which are maturing within the next 12 months approximated their carrying amounts due to the relatively short-term maturity of the financial instruments or repayable on demand terms.