

2014

annual report



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NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN THAT the Twenty-Third Annual General Meeting of the Chartered Tax Institute of Malaysia ("the Institute") will be held on Saturday, 13 June 2015 at 9.30 a.m. at the Ballroom, Seri Pacific Hotel Kuala Lumpur, Jalan Putra, 50350 Kuala Lumpur.

AGENDA

1. President's address.
2. To receive the Annual Report and Financial Statements of the Institute for the year ended 31 December 2014 and the Report of the Auditors thereon.
3. To elect four (4) Council Members for the 2015/2016 term.

Lew Nee Fook @ Liu Nee Choong will retire in accordance with Article 59 of the Institute Articles of Association and is not eligible for re-election.

3(a) Seah Siew Yun and K.Sandra Segaran A/L Karuppiyah retire pursuant to Article 59 and being eligible offer themselves for re-election.

Tan Leh Kiah retires pursuant to Article 59 will not be seeking re-election at the forthcoming Annual General Meeting.

3(b) Pursuant to Article 57(ii) and the nominations received, the following persons have offered themselves for election as new members of the Council:-
 - (i) Chong Kean Huat
 - (ii) Koong Lin Loong
 - (iii) Lai Shin Fah @ David Lai
 - (iv) Lavindran Sandragasu
4. To re-appoint Messrs Morison Anuarul Azizan Chew as the Auditors for the ensuing year at a remuneration to be determined by the Council Members.
5. Any other business for which due notice has been given to the Institute.

By Order of the Council

Cynthia Louis (MAICSA 7008306)
Chew Mei Ling (MAICSA 7019175)
Secretaries

26 May 2015

NOTES

- (a) A Member may appoint a proxy who shall either be an Associate Member or Fellow Member of the Institute.
- (b) The proxy shall not be entitled to vote at a meeting of the Institute unless the instrument of appointment has been deposited into the 2015 AGM ballot box at the registered office of the Institute at Unit B-13-2, Block B, 13th Floor, Megan Avenue II, No. 12, Jalan Yap Kwan Seng, 50450 Kuala Lumpur not less than forty-eight hours before the time fixed for the meeting.
- (c) Every instruction appointing a proxy should be placed in the self addressed envelope provided by the Institute, sealed and dropped into the ballot box located in the secretarial office.
- (d) A Member entitled to be present and vote at a meeting shall submit any motion which has been duly seconded, to any General Meeting, provided that in the case of an ordinary resolution, he shall serve upon the Institute at least ten (10) clear days before the day appointed for the meeting, a notice in writing by him containing the proposed ordinary resolution, and stating his intention to submit the same.

MISSION STATEMENT



To be the premier body providing effective institutional support to members and promoting convergence of interests with the government, using taxation as a tool for the nation's economic advancement; and to attain the highest standard of technical and professional competency in revenue law and practice supported by an effective secretariat

THE COUNCIL 2014 / 2015

2014/2015
Attendance Report

PRESIDENT

Aruljothi A/L Kanagaretnam	4
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DEPUTY PRESIDENT

Poon Yew Hoe	4
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COUNCIL MEMBERS

Thanneermalai A/L SP SM Somasundaram	4
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Datuk Tan Leh Kiah	2
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Seah Siew Yun	4
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K. Sandra Segaran A/L Karupiah	3
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Lew Nee Fook @ Liu Nee Choong	4
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Prof Dr Jeyapalan A/L Kasipillai	3
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Phan Wai Kuan	4
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Ong Chong Chee	3
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Renuka Thuraisingham	1
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Nicholas Anthony Crist	2
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Yeo Eng Ping	1
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Farah Binti Rosley	3
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Goh Lee Hwa	3
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Datuk Harjit Singh Sidhu A/L Bhagwan Singh	4
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No of meetings: 4

*Appointed on 14 June 2014

Auditors

Messrs Morison Anuarul Azizan Chew

Registered Office and Address

Chartered Tax Institute of Malaysia

Unit B-13-2, Block B, 13th Floor, Megan Avenue II

No 12, Jalan Yap Kwan Seng

50450 Kuala Lumpur, Malaysia

Tel : +603 2162 8989

Fax : +603 2162 8990 / +603 2161 3207

www.ctim.org.my

THE COUNCIL 2014 / 2015



Front row (from left)

Poon Yew Hoe, Lew Nee Fook @ Liu Nee Choong,
Thanneermalai A/L SP SM Somasundaram, Prof Dr Jeyapalan A/L Kasipillai, Seah Siew Yun

Back row (from left)

Datuk Harjit Singh Sidhu A/L Bhagwan Singh, Aruljothi A/L Kanagaretnam, Farah Binti Rosley,
Datuk Tan Leh Kiah, Phan Wai Kuan, Nicholas Anthony Crist, Goh Lee Hwa



K. Sandra Segaran A/L
Karuppiah



Renuka Thuraisingham



Yeo Eng Ping



Ong Chong Chee

BRANCH OFFICES**East Coast Branch**

Chairman: Wong Seng Chong
Address: Messrs Lau, Wong & Yeo
1, 2nd Floor, Lorong Pasar Baru 1
25000 Kuantan, Pahang

Malacca Branch

Chairman: Choo Ah Kow
Address: Tey Consultancy
22-A, Lorong Bukit China
75100 Melaka

Southern Branch

Chairman: Bernard Wong Kok Keong
Address: ABT Consulting
No 21-01, Jalan Padi Emas 3/1
Bandar Baru Uda
81200 Johor Bahru, Johor

Northern Branch

Chairman: Kellee Khoo Kee Lee
Address: T & K Tax Savvy Sdn Bhd
347-V, Tingkat Pemancar
11700 Gelugor, Pulau Pinang

Perak Branch

Chairman: Chak Kong Keong
Address: Syarikat Chak Sdn Bhd
72, Jalan Market
30000 Ipoh, Perak

Sarawak Branch

Chairman: Kenny Chong Thian Poh
Address: Crowe Horwath
96, 1st Floor, Jalan Petanak
93100 Kuching, Sarawak

Sabah Branch

Chairman: Angeline Wong Yu Ching
Address: A.W & Associates
Lot 21-2F, 2nd Floor
Beverly Hills Plaza
Jalan Bundusan, Penampang
P.O.Box 21576, Luyang Post Office
88773 Kota Kinabalu, Sabah

SECRETARIAT**Executive Director**

P Thomas Simon

Continuing Professional Development (CPD)

Nursalmi Haslina Mohd Rusli

Corporate Support Services

(Finance, Human Resources, Membership)
Hemalatha Renganathan

Education, Examinations & Editorial

Jeeva Jothy Satchithanandan

Technical

Lim Kok Seng

PRESIDENT'S STATEMENT

Dear Members,

Since the previous Annual General Meeting on 14 June 2014, new events and changes have taken place within the Institute such as the election of myself and Mr. Poon Yew Hoe as the CTIM President and the CTIM Deputy President respectively for the 2014-2015 term, the joint organisation of the first National GST Conference by the Institute and the Royal Malaysian Customs Department (RMCD) and the introduction of the CTIM tax technician qualification. There were also other changes such as the introduction of new procedures for engaging with the Lembaga Hasil Dalam Negeri Malaysia (LHDNM) officers, the enactment of the Goods and Service Tax (GST) Legislations, the licensing of approved GST agents and the implementation of GST with effect from 1 April 2015.

My predecessor, Mr. SM Thanneermalai (CTIM President for the three years from 2011 to 2014) and past CTIM Presidents have left me an enduring legacy that they have built in the Institute. This legacy is reflected in the healthy financials of the Institute for the financial year ended 31 December 2014 in terms of profit before tax of RM2.11 million (2013: RM545,000) and revenue of RM7.23 million (2013: RM2.59 million). These significant increases are largely due to the GST training courses which the Institute is organising in collaboration with the RMCD. 2014 has been an exceptional year which is unlikely to be repeated. The Institute's financial statements are solid with available cash of RM5.66 million (2013: RM3.66 million). All these are largely due to the efforts of my predecessors in increasing the profile and visibility of the Institute as a premier body for tax professionals and for enhancing services to members. As the custodian of the good work already done, I look forward to continue and enhance this legacy together with my Deputy President and the CTIM Council.

My ability to lead this Institute in the past one year would not have been possible without the full support of my Deputy President and all the CTIM Council Members who gave up their precious time and gave their full committed effort to lead the various Committees, Sub-Committees and Working Groups and participate in the activities of the Institute without any expectation of remuneration for services rendered. My utmost thanks and appreciation goes to all of them. My thanks also goes to the CTIM Secretariat staff for the work they have done in managing and supporting the work of the Institute.

Last but most importantly, I would like to thank all members who have supported the Institute in their own way by participating in activities, responding to requests for feedback and attending the various CPD events. The Institute represents and reflects its membership. I am grateful to have this opportunity to serve and be part of this esteemed premier body.

As mentioned in the previous Annual Report, the Institute's resource centre-cum library has online (subscribed) facilities - the OECD iLibrary on Taxation, CCH and LawNet for members' use. I am pleased to inform that the Institute has recently subscribed for additional online facilities for members' use as follows:

- CCH - MY GST Reporter Online and MY GST Cases Online;
- Bloomberg - BNA Transfer Pricing; and
- IBFD - Asia Pacific Tax Explorer Plus.

Members are encouraged to visit the Institute's resource centre-cum library and make use of these online facilities.

Throughout the year, the various Committees, Sub-Committees and Working Groups had worked hard to prepare and submit various papers and memoranda to the authorities. The activities and actions undertaken by the various Committees, Sub-Committees and Working Groups are summarised below.

Technical Committees

There are 2 Technical Committees on direct tax i.e. Technical Committee – Direct Tax (I) [TC-DT (I)] and Technical Committee – Direct Tax (II) [TC-DT (II)]. TC-DT (I) is focused on Income Tax issues while TC-DT (II) is focused on issues related to Stamp Duty, Real Property Gains Tax, Petroleum Income Tax, Labuan Income Tax, Promotion of Investments Act 1986 (PIA), other tax incentives, Labuan, Securities Commission (SC) and Bank Negara. These Technical Committees together with the Technical Committee – Indirect Tax have been busy during the year as seen below.

(A) Working with the RMCD

- Submitted feedback on the GST Legislations 2014
- Participated in the Customs-Private Sector Consultative Panel meetings and the GST Implementation Technical Committee meetings

(B) Interaction with MOF

- Submitted budget proposals to MOF
- Submitted a memorandum on the review of the Income Tax Act 1967 under the Self-Assessment System of Taxation
- Submitted a memorandum on the income tax issues arising from the implementation of GST
- Discussed the discussion paper on MFRS 136 Impairment of Assets
- Submitted the Overview of Customs Act 1967 Amendments
- Submitted an appeal in respect of the recognition of CTIM as an approved professional body for the purpose of application for GST Tax Agent
- Submitted a Joint Proposal on Guidelines for Application for GST Tax Agent

(C) Engagement with LHDNM

- Submitted various memoranda on technical and operational issues during the year and participated in operation meetings
- Submitted feedback on the Tax Audit Framework (2012 and Tax Investigation Framework (2012)
- Commented on the various draft Public Rulings
- Dialogue on the 2015 Budget and Finance (No 2) Bill 2014
- Provided feedback on the tax authorities' proposals under the Stamp Bill 2015

(D) Participation in Focus Group on Paying Taxes (FGPT)

The FGPT has initiated several steps to improve the tax administration of the country especially in the following areas

- Consolidation and synchronisation of MTD, EPF, SOCSO and HDRF payments
- Reducing time taken to prepare tax return forms

PRESIDENT'S STATEMENT *(cont'd)*

(E) Engagement with the Malaysian Investment Development Authority (MIDA)

- Submitted comments on issues relating to the administration of incentives

(F) Engagement with the Ministry of International Trade and Industry (MITI)

- Submitted comments setting out broad views on the PIA specifically and on the incentives regime as a whole with an overall view that a holistic review of the tax incentives regime in Malaysia is required

(G) Engagement with the SC

- Submitted a memorandum to provide input for the 2015 Budget Proposals in relation to Capital Market development

(H) Engagement with the Ministry of Domestic Trade, Co-operatives and Consumerism (MDTCC)

- Submitted a memorandum on the Price Control and Anti-Profititeering Legislation

Public Practice Development

The Public Practice Committee (PPC) held a members' technical dialogue on 30 September 2014 at the Institute's training room with attendance at full capacity. Technical and public practice issues addressed by the panelists together with feedback from the floor helped to make this a lively event. Due to the encouraging response from the dialogue and preparation for GST, the PPC held the second members' technical dialogue for the year on 13 March 2015 at a hotel. The dialogue was focused mainly on GST issues to cater for members who were involved in preparing for GST. The panelists who responded to the members' issues were from the CTIM Technical Committees as well as a senior RMCD officer who was invited for the event. The event was attended by more than 100 members.

In the second half of 2014, LHDNM made its intention known that only approved tax agents under Section 153 of the Income Tax Act 1967 could engage with LHDNM officers with effect from 1 December 2014. The Institute together with other professional bodies met with MOF and LHDNM to discuss the new procedure. It was subsequently agreed that this new procedure would be deferred to 1 February 2015. Measures were also agreed for authorised representatives of approved tax agents to engage with LHDNM officers subject to meeting certain conditions.

Continuing Professional Development

This past year may be considered the busiest in recent memory for the CPD Committee, CTIM Secretariat and CTIM Branches in terms of organising CPD events such as the following:

- National Tax Conference (NTC) 2014 jointly organised with LHDNM on 12 and 13 August 2014;
- 2015 Budget Seminars organised by the Institute with input from MOF, LHDNM and RMCD from October 2014 to December 2014;
- National GST Conference (NGC) 2015 jointly organised with the RMCD on 20 January 2015;
- LHDNM-CTIM Tax Forums 2015 jointly organised with LHDNM in March 2015; and
- 6-day GST Training Courses jointly organised with the RMCD throughout the year.

I must thank all the people including LHDNM and the RMCD who have made these CPD events possible.

The NGC 2015 which took place on 20 January 2015 is the first of its kind to be jointly organised with the RMCD and was well received by the approximately 900 participants. The NGC 2016 is planned for January 2016.

Examination and Education Committees

Based on the recommendation of the Examination Committee which was adopted by the CTIM Council, the Institute had restructured its examination syllabus, consolidated and reduced the number of examination papers from 10 to 8 and reduced the number of examination levels from 3 to 2 with effect from the December 2014 examinations onwards. In addition, the CTIM tax technician qualification had been introduced with effect from the December 2014 examinations onwards for students who have completed the required number of examination papers at the intermediate level under the new syllabus. It is hoped that this would contribute to an increase in the number of competent professionals in our country. I am pleased to report that the CTIM tax technician certificate will be awarded to the first batch of 13 students who recently completed the intermediate level successfully.

The Education Committee (and branches) had been conducting talks on career in taxation at Universities and Colleges as well as promoting public awareness on the CTIM examinations and the advantages of having a qualification in tax. For the first time, the Institute represented by the Education Committee participated in the Star Education Fair from 17 to 18 January 2015 to increase public awareness on the opportunities available in the taxation field.

Membership

The Institute received many applications for membership in the past year which is a healthy indication that the CTIM membership is well sought after. I am pleased to inform that the current CTIM membership is in excess of 3,260 members.

In the 4th quarter of 2014, I was invited by the senior officers association of LHDNM to make a presentation on CTIM membership and the benefits of being a CTIM member. The presentation was well received and approximately 30 senior LHDNM officers applied to join the CTIM membership.

On a related matter, I would also encourage members to attend the 6-day GST Training Course jointly organised with the RMCD and sit for the GST examination conducted by the RMCD. Passing the GST examination together with the certificate of attendance issued by the RMCD would put members in a position to apply for the GST Tax Agent licence from MOF. This is certainly an added benefit of having CTIM membership.

Tax Guardian

The Tax Guardian continues to be the only specialised tax journal in Malaysia with the latest tax articles which keep members technically knowledgeable and updated. I would like to give credit to my predecessor for the commitment by the Chief Executive Officer of LHDNM to contribute a regular article in the Tax Guardian. This commitment commenced with LHDNM's article on "The IRBM's e-Services" which appeared in the Tax Guardian for Quarter 3, 2014.

On a closing note, I would like to encourage everyone to work together for the common good to face the challenges and uncertainties that come our way.

Thank you.

Aruljothi A/L Kanagaretnam
President
Chartered Tax Institute of Malaysia

REPORT OF THE COUNCIL FOR 2014 / 2015

COMMITTEE REPORTS

CONTINUING PROFESSIONAL DEVELOPMENT (CPD) COMMITTEE

The CPD Committee has been very active in organising various CPD events throughout the year. In line with the implementation of the GST on 1st April 2015, CTIM in collaboration with the Royal Malaysian Customs Department (RMCD) has successfully organised 15 series of 6-day GST Training Courses for the application of the GST Tax Agent license in various locations namely Kuala Lumpur, Petaling Jaya, Penang, Johor Bahru, Kuantan, Kota Kinabalu and Kuching. The focus on GST Training Courses reduced the number of participants by 4 % for the National Tax Conference (NTC) 2014 which was jointly organised with the Lembaga Hasil Dalam Negeri Malaysia (LHDNM). The NTC with the theme "Taxation: Harnessing Synergies Towards Sustainable Growth" was held on 12 & 13 August 2014 and was considered a success.

The Secretariat and a CPD Committee member led by the Chairman of the Indirect Tax Committee was instrumental in organising for the first time ever, the National GST Conference 2015 which was held on 20 January 2015 at the Sime Darby Convention Centre Kuala Lumpur. The conference with the theme "GST: a Catalyst Towards a Developed Nation" was designed to equip industry players with the knowledge and capability to comply with the implementation of the GST. It was organised in collaboration with the RMCD and was attended by more than 900 participants.

CTIM continues to organise its annual events i.e Post Budget Seminars and LHDNM-CTIM Tax Forum at the various locations across the country. Seminars and workshops on transfer pricing, tax planning, withholding tax, recent tax cases and GST were held nationwide for members' benefits.

In summary, the number of CPD events increased by 44% compared to the previous year due to the number of training days conducted for the GST tax agent license.

EDITORIAL COMMITTEE

The primary responsibility of the Editorial Committee is the publication of the quarterly official journal of the Chartered Tax Institute of Malaysia, the Tax Guardian. The Tax Guardian carries a wide range of articles primarily focusing on recent developments in Taxation both locally and internationally to meet the increasing demands of tax practitioners and the dissemination of the activities of CTIM. It also provides an avenue for members and students to publish well researched articles of good technical content in this premier tax journal of the country.

The members of the Editorial Committee continue to encourage and source for well written analysis of current and contentious issues which will serve as an important source of knowledge of the finer points in taxation. The informative articles continue to enhance and improve the technical competency of members and readers. From time to time, the format and layout of the journal is changed to generate greater interest. The editorial committee is committed in improving the contents of the Tax Guardian and also bring forth topical issues such as the developments in Goods and Services Tax that has gripped the attention of many members and the public at large.

EDUCATION COMMITTEE

The committee actively promoted taxation as an exciting career and the value of CTIM Professional Qualifications to students by organising a number of career talks. CTIM Northern Branch together with Education Committee organised a visit to Sentral College Penang on 30 October 2014. A talk was presented by Datuk Harjit to about 200 students together with Dr Paul, Dr Khoo and Ms Kellee.

On 2nd March the Education Committee led by the Chairman visited the Faculty of Accounting at UiTM Arau Perlis and received a very warm welcome from Dr Norma, Head of the Faculty. Mr Lew Nee Fook and Dr Loo Ern Chen presented a Career and GST Talk to about 250 students.

With the aim of greater awareness of CTIM to the general public and students, CTIM participated for the 1st time in the Star Education Fair held on 17 & 18 January 2015 at KLCC. The Institute maintained a booth that was manned by all Education Committee Members, Secretariat staff and 10 young volunteers. CTIM notebooks and pens were distributed to students and visitors. Approximately 1000 people visited the booth over the 2 days.

The Education Committee reports that rigorous effort be undertaken to promote CTIM and its professional examinations at future Higher Education Fairs and market CTIM qualifications as an additional professional qualification.

EXAMINATION COMMITTEE

Universities and Colleges

The examination Committee approved subject exemptions to Uni Razak, Asia Pacific University and Lux International College after the syllabus was reviewed.

16 year time bar

The committee reviewed the 16 year time bar for CTIM students to complete their examinations and approved an extension to existing students who have exceeded the time bar to complete the examinations by December 2017.

Examination report

The December 2014 examinations was based on the new syllabus that has two levels i.e. the Intermediate Level and the Final Level that consisted of four papers each. Financial accounting paper registered the highest number of candidates as students rush to clear the paper that was caught in transition between the old and new syllabus.

The biannual CTIM Professional Examinations for 2014 was held from June 23rd to 27th and December 15th to 18th at all centres.

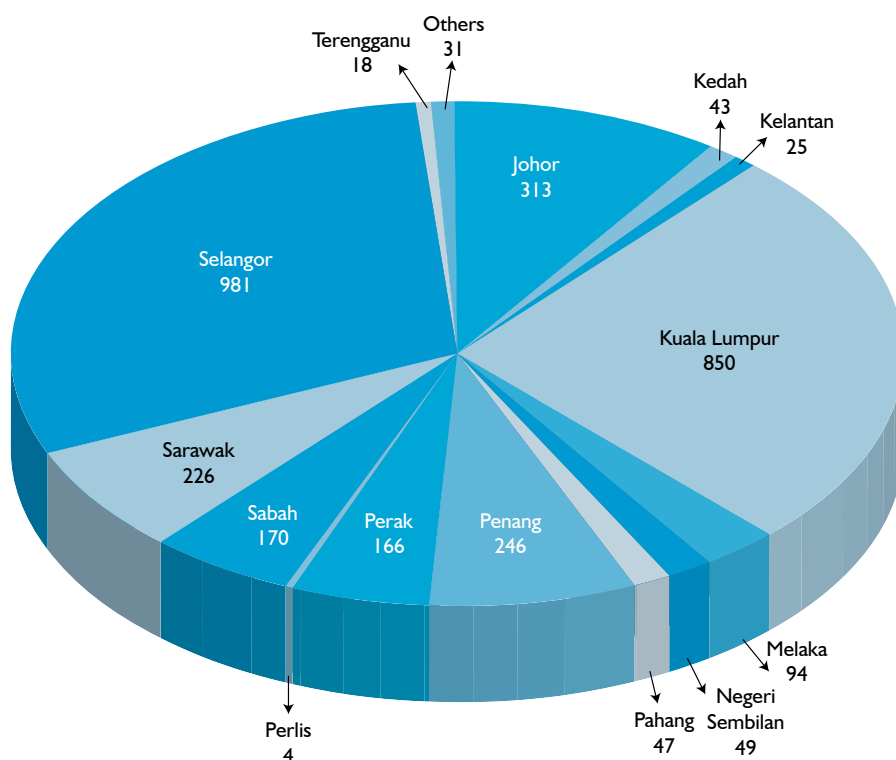
Since the date of the last report, the Institute registered 78 new students. A total of 81 students registered for the June 2014 examinations and 138 for the December 2014 examinations. The results for the June examinations were released on 21 August 2014 and the December Examinations on 26th February 2015. The examination committee would like to report that 11 students in June and 16 students in December graduated. The CTIM Tax Technician Certificate will be awarded to 13 students who completed the Intermediate Level in the December 2014 examinations.

MEMBERSHIP SERVICES COMMITTEE

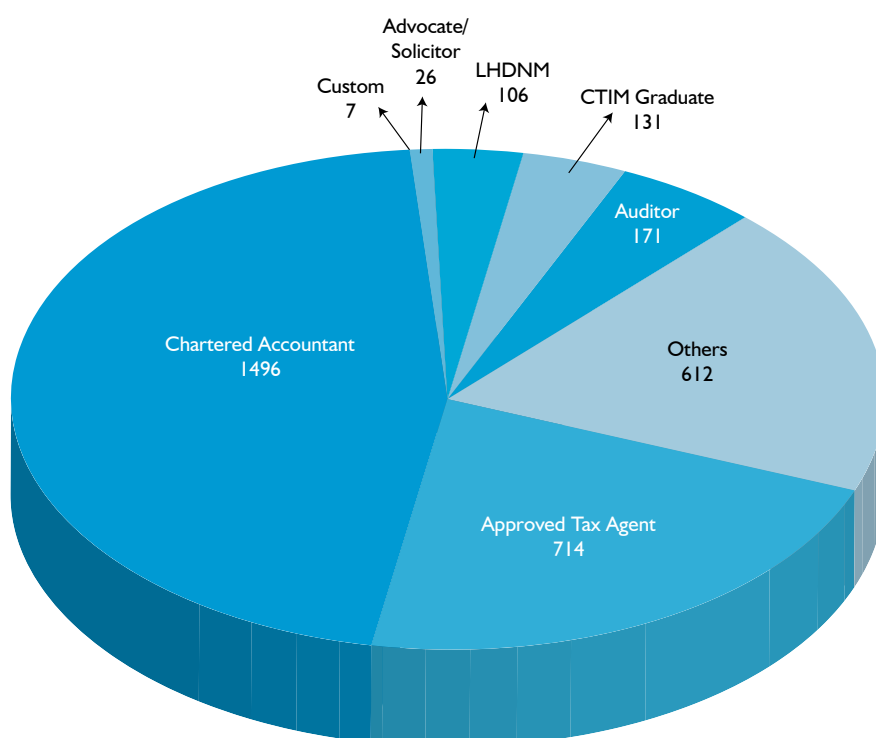
As at 30 April 2015 there are 3,263 members comprising 644 Fellow members, 2,613 Associate members and 6 Provisional members (8 May 2014: 3,168 members).

Membership Profile

By States



By Employment



REPORT OF THE COUNCIL FOR 2014 / 2015 (cont'd)

TECHNICAL COMMITTEE - INDIRECT TAX

The Technical Committee – Indirect Tax (TC-IT) has been very active in the past year, in view of the preparatory activities prior to the implementation of the Goods and Services Tax regime on 1 April 2015. 4 meetings have been held during the term 2014-2015.

Interaction with the Royal Malaysian Customs Department (RMCD)

The Institute has conducted several Goods and Services Tax (GST) Training courses in collaboration with the RMCD to date. The participants who pass the examination would then satisfy one of the criteria for approval as GST Tax Agent. The Institute is planning for more such training courses in the near future to assist members in obtaining comprehensive training on GST.

The Institute also participated in the Customs-Private Sector Consultative Panel Meetings which were held on 21 May 2014 and 5 November 2014.

In addition, the TC-IT had reviewed the GST legislations 2014 and submitted its feedback to the RMCD on 4 September 2014 and to the Ministry of Finance (MOF) on 11 September 2014. Following this, the MOF invited the Institute for a meeting to discuss on the issues on 23 September 2014. The TC-IT had also reviewed the DG's Decisions 1/2014 – 4/2014 and will submit its feedback to the RMCD in due course.

The Institute had written to the RMCD on 11 December 2014 regarding exemption of GST on membership subscriptions for the Institute. The RMCD maintained its position that membership subscriptions is regarded as a taxable supply and subject to GST if the value of benefits provided to an individual member exceed the nominal threshold limit of RM100.

The Institute was invited to sit on the GST Implementation Technical Committee chaired by Director of GST Division, RMCD and has attended the first meeting held on 23 March 2015.

Interaction with MOF

A consultation on Customs Act 1967 amendments was held by the MOF on 25 June 2014. Subsequently, the Institute submitted the Overview of Customs Act 1967 Amendments on 14 July 2014.

Following the gazette of GST Regulations 2014 on 1 July 2014, the Institute submitted an appeal letter to the Finance Minister II, YB Dato' Seri Haji Ahmad Husni on 7 July 2014 in respect of the recognition of CTIM as an approved professional body for the purpose of the application for GST Tax Agent.

The MOF issued Guidelines for Application for GST Tax Agent and accept the application for GST Agent in July 2014. Subsequently the MOF held a meeting with the Institute together with other stakeholders on 11 July 2014 to discuss issues relating to the Guidelines. A Joint Proposal on Guidelines for Application for GST Tax Agent was submitted after the meeting. The Guidelines were amended on 29 August 2014.

Interaction with MOF (cont'd)

The Institute informed the MOF on 21 August 2014 the feedback on the GST Tax Agent Online System. The MOF responded to the feedback and the online system has been rectified to align with the Guidelines for Application for GST Tax Agent.

The MOF invited the Institute, the RMCD and other professional bodies to attend a meeting on 26 March 2015 to discuss on the proportion of GST Tax Agents to GST Registrants. The Institute has written to the MOF with its feedback on 1 April 2015.

Engagement with the Ministry of Domestic Trade, Co-operatives and Consumerism (MDTCC)

The Ministry of Domestic Trade, Co-operatives and Consumerism (MDTCC) invited the Institute for a public consultation on the Price Control and Anti-Profiteering Regulations on 3 October 2014. Following the dialogue, a TC-IT meeting was held to discuss on the issues arising from the Price Control and Anti-Profiteering Legislation and the TC-IT's comments on the legislation. A Memorandum on the Price Control and Anti-Profiteering Legislation was submitted on 13 November 2014. A subsequent meeting with the MDTCC was held at the Institute premises on 27 November 2014 in response to the Memorandum.

e-CTIMs

In the 2nd half of 2014, 35 e-CTIMs on indirect tax have been issued. 14 e-CTIMs on indirect tax have been sent out for the first quarter of 2015.

TECHNICAL COMMITTEE - DIRECT TAX I (TC-DT I)

The TC-DT I continues its focus on general income tax matters.

Interaction with MOF

• Memorandum on 2015 Budget Proposals

The Institute submitted its proposals for the 2015 Budget to MOF on 18 May 2014. CTIM was invited to participate in the 2015 Budget Consultation session on 26 May 2014.

• Review of the Income Tax Act 1967

The Self-Assessment System Working Group completed its review on the Income Tax Act 1967 and submitted its recommendations to simplify compliance and enhance efficiency to MOF on 3 September 2014.

• Malaysian Financial Reporting Standards (MFRS)

The Joint Tax Working Group on Financial Reporting Standards (JTWG-FRS) is a committee jointly formed by CTIM, MIA and MICPA. During the year, the JTWG-FRS continued to engage MOF on discussion papers submitted to MOF:-

- A letter dated 21 January 2015 was submitted to MOF to request for the authorities' position on the MFRS discussion papers prepared by the JTWG-FRS and submitted to MOF previously.

REPORT OF THE COUNCIL FOR 2014 / 2015 (cont'd)**Interaction with MOF** (cont'd)

- A meeting was convened by MOF to discuss MFRS 136 Impairment of Assets on 3 March 2015, with the JTWG-FRS, the Malaysian Accounting Standards Board (MASB) and Lembaga Hasil Dalam Negeri Malaysia (LHDNM).

A JTWG-FRS meeting was held on 27 November 2014 for a briefing on MFRS 15.

- **Income tax issues arising from the implementation of GST**

The TC-DT has prepared and submitted a memorandum on income tax issues arising from the implementation of GST to MOF on 6 March 2015.

2015 Budget and Finance Bill (No.2) 2014.

The Institute reviewed the proposals of the 2015 Budget and Finance Bill (No. 2) 2014 subsequent to the 2015 Budget announcement and submitted a Joint Memorandum on the issues arising from the proposals, together with the Malaysian Institute of Accountants (MIA), Malaysian Institute of Certified Public Accountants (MICPA) and Malaysian Institute of Chartered Secretaries and Administrators (MAICSA) on 25 November 2014. Subsequent to the submission of the Joint Memorandum, the Institute participated in a discussion with LHDNM and MOF on the issues submitted at a dialogue with LHDNM and the professional bodies on 4 February 2015. The minutes of the dialogue will be circulated to members when it is made available by LHDNM.

Interaction with LHDNM

During the year, the Institute engaged LHDNM on various technical and operational issues. Actions taken and activities participated by the Institute include the following:-

Action Taken / Activity Participated	
DESIRE No. 1/2014 & 1/2015 meetings with LHDNM	The Institute submitted memoranda on operational issues to LHDNM to be discussed at the meeting.
DESIRE No. 2/2014 meeting with LHDNM	The Institute sought clarification on LHDNM's requirement for companies, limited liability partnerships, trust bodies and co-operative societies which are dormant and/or have not commenced operations to file the income tax return form with effect from the year of assessment 2014.
Feedback to LHDNM	The Institute submitted feedback on the Tax Audit Framework (2012) and the Tax Investigation Framework (2012) to LHDNM.

Action Taken / Activity Participated	
Clarification sought on Tax Legislation	The Institute sought clarification on the following gazette orders: <ul style="list-style-type: none"> • Asset-Backed Securitisation Regulations (P.U. (A) 170/2014); • Deduction for expenditure in relation to minimum wages (P.U. (A) 206/2014); • Accelerated Capital Allowance for Information and Communication Technology Equipment (P.U. (A) 217/2014); • Deduction for costs relating to training for employees for the implementation of Goods and Services Tax (P.U. (A) 334/2014); and • Deduction for expenses in relation to secretarial fee and tax filing fee (P.U. (A) 336/2014).
Others	The Institute attended a Briefing on the e-Residence System by LHDNM. The e-Residence System is an online application system for taxpayers to obtain the Certificate of Residence and is accessible through LHDNM's website.

Participation in Focus Group on Paying Taxes

The Institute also participated in the Focus Group on Paying Taxes (FGPT), a sub-Committee of the PEMUDAH. Meetings were held on 5 December 2014, 29 January 2015 and 22 April 2015 on the World Bank's Doing Business in Malaysia 2015 results and Doing Business in Malaysia 2016 Action Plan in relation to paying taxes. Among the initiatives covered by the FGPT are:

- Consolidation and Synchronisation of MTD, EPF, SOCSO and HRDF payments; and
- Reducing the time taken to prepare tax return forms.

Joint Public Rulings Working Group (JPRWG)

The JPRWG has been actively involved in reviewing and providing feedback on draft Public Rulings issued by LHDNM to the JPRWG for comments and responses from LHDNM to comments provided by the JPRWG. Twelve (12) draft Public Rulings have been issued by LHDNM to the JPRWG since July 2014:-

- Appeal against an Assessment and Application for Relief;
- Basis Period of a Company, Limited Liability Partnership, Trust Body and Co-Operative Society;
- Clubs, Associations and Similar Institutions;
- Unit Trust Funds: Part II – Taxation of Unit Trusts;
- Forest Allowances and Expenses relating to Timber Extraction;
- Special Allowances for Small Assets;
- Taxation of Real Estate Investment Trust / Property Trust Fund 2nd Edition;
- Loans or Advances to Director by Company;
- Withholding Tax on Income of a Non-Resident Public Entertainer;

REPORT OF THE COUNCIL FOR 2014 / 2015 (cont'd)

Joint Public Rulings Working Group (JPRWG) (cont'd)

- Failure to furnish Information within a Stipulated Period;
- Qualifying Expenditure and Computation of Capital Allowance; and
- Entertainment Expense 2nd Edition.

Other engagements

The Institute met with the Chairman of the Special Commissioners of Income Tax (SCIT) on 9 December 2014 to discuss the possibility of the Institute assisting to disseminate SCIT case decisions

The Institute attended the Malaysian Accounting Standards Board -Convergence Task Force (MASB-CTF) meeting on 12 September 2014.

Resource Centre

To strengthen the technical capabilities of the Institute and provide additional technical resources for members, the Institute has enhanced the Resource Centre with more than 100 new additions of printed publications. In addition, the Institute subscribed to the following online databases:

- | | |
|-------------------|--|
| (a) Lawnet | |
| (b) CCH | Malaysia and Singapore Tax Cases
Malaysian Revenue Legislation
Malaysian Tax Treaties
MY GST Reporter Online
MY GST Cases Online |
| (c) OECD iLibrary | Taxation Section |
| (d) Bloomberg | BNA Transfer Pricing |
| (e) IBFD | Asia Pacific Tax Explorer Plus |

Technical Circulars

In keeping members up-to-date with announcements from LHDNM and tax developments, the Institute issued 47 e-CTIMs and 33 e-CTIMs on direct tax in the second half of 2014 and first quarter of 2015 respectively.

TECHNICAL COMMITTEE - DIRECT TAX II (TC-DT II)

The Technical Committee - Direct Tax II (TC-DT II) focuses on specialised areas of income tax such as incentives, tax issues related to capital market transactions, and other taxes such as stamp duty, real property gains tax (RPGT), etc.

Review of the Stamp Act 1949

The LHDNM together with MOF conducted a second briefing on the proposals under the Stamp Bill 2015 on 29 January 2015. The Institute has provided feedback on 13 February 2015 and has since followed up with the relevant authorities on the status of the proposed amendments.

Review of the Tax Incentives Regime under the Ministry of International Trade and Industry (MITI)

The Institute submitted a letter to MITI on 22 December 2014 enquiring the progress of review of tax incentives regime under the MITI. MITI informed that a public consultation process for feedback on the Promotion of Investments Act, 1986 (PIA) had been set up. The Institute however, put together a separate document setting out some broad views on the PIA specifically and on the incentives regime as a whole with an overall view that a holistic review of the tax incentives regime in Malaysia is required. The Institute submitted its comments on 17 April 2015 for the due consideration of MITI.

Tax Technical enquiries in respect of Labuan Entities

Technical issues were submitted by the Institute to the Labuan Financial Services Authority (LFSA) on 25 June 2014. The LFSA responded that the issues should be addressed by LHDNM and extended our enquiries to the Tax Policy Department of LHDNM.

On 15 December 2014, the Institute followed-up with the LHDNM Tax Policy Department on the tax technical enquiries in respect of Labuan entities.

Engagement with the Malaysian Investment Development Authority (MIDA)

A letter was submitted to MIDA on 29 August 2014 to request for a meeting to work together to promote investments from domestic and international investors. On 21 April 2015, the Institute also submitted its comments on issues relating to the administration of incentives.

Engagement with the Securities Commission Malaysia (SC)

The SC has requested the Institute to provide input for 2015 Budget Proposals in relation to Capital Market development and a Memorandum was submitted by the Institute on 4 June 2014 to the SC.

A proposal to organise a Joint Seminar with the SC was submitted by the Institute on 25 June 2014. A meeting between the Institute and the SC on 24 February 2015 was arranged to explore further collaboration. In addition, the SC has indicated that they will continue to seek the Institute's feedback on tax related matters as and when required.

Engagement with Bank Negara Malaysia (BNM)

The Institute made a courtesy visit to BNM on 8 January 2015 and met with the Director of Financial Sector Development Department with the intention to establish a channel for exchanging thoughts and ideas, and also providing feedback on important tax related issues in relation to the financial sector, in particular on Islamic finance.

REPORT OF THE COUNCIL FOR 2014 / 2015 *(cont'd)*

PUBLIC PRACTICE COMMITTEE (PPC)

A Memorandum on the Development of Professional Services in Taxation for the 11th Malaysia Plan was submitted on 16 May 2014 to the Ministry of International Trade and Industry (MITI). The Memorandum outlined the Institute's views on the development and enhancement of professional taxation services in Malaysia.

The Institute was invited to attend a public consultation on professional bodies under the Competition Act 2010 organised by the Malaysia Competition Commission on 19 May 2014. Among the topics covered were the constraint on the recommended charges and scale fees issued or proposed by professional bodies.

On 30 September 2014, the PPC initiated a Members' Technical Dialogue for members on technical and practice matters. It was well received by the participants. A second Members' Technical Dialogue for members which focused on GST was held on 13 March 2015 and was also well received by the participants.

The Institute together with other professional bodies met with the MOF and LHDNM on 2 December 2015 to discuss LHDNM's intention to implement the new procedure for tax practitioners to engage with LHDNM officers. LHDNM agreed to defer the implementation of the new procedure to 1 February 2015. LHDNM also agreed that correspondences to LHDNM could be signed by authorised signatories who are not approved tax agents under Section 153 of the Income Tax Act 1967 (ITA) provided their particulars were submitted to LHDNM by 31 January 2015. Furthermore, Section 153 approved tax agents are required to issue a letter (in the format given by LHDNM) to authorise their staff to engage with LHDNM officers on their behalf. The letter of authorisation must be produced to LHDNM officers for such engagements.

The Committee to Strengthen the Accountancy Profession (CSAP) issued a report on strengthening the accountancy profession in Malaysia and invited the public to provide feedback on it. The Institute has submitted its feedback to the CSAP in January 2015.

RESEARCH COMMITTEE

The Board of Trustees of the Malaysian Tax Research Foundation (MTRF) had approved a research project on "Relevant Areas for Research to Gain Insight into Taxation Issues". The objective of the research project was to enable the MTRF to identify gaps in tax knowledge and tax research direction as well as to recommend further research that could benefit the nation. The report on the research project was completed in 2014 and had been reviewed by the Research Committee on behalf of the MTRF. The report provides an overview of tax research conducted in Malaysia at the masters and doctorate levels over the last 12 years and potential areas for future research. It was circulated to members on 3 June 2014 together with an invitation from the Board of Trustees of the MTRF to qualified applicants to apply for the research grant to conduct research into the relevant areas of research mentioned in the report which do not preclude other areas of research that will meet the objectives of the MTRF.

COMMITTEES 2014 / 2015

EXECUTIVE COMMITTEE

Council Members:

Aruljothi A/L Kanagaretnam (Chairman)
Poon Yew Hoe
Thanneermalai A/L SP SM Somasundaram
Datuk Tan Leh Kiah

Total number of meetings held: 3

Terms of Reference

1. To consider and recommend to the Council major long-term objectives and overall policy of the Institute.
2. To recommend changes to the structure and composition of the Institute.
3. To review the Institute's Memorandum and Articles of Association.
4. To consider matters affecting the Institute and its members which are urgent in nature and outside the terms of reference or jurisdiction of any committee.
5. To ensure proper implementation of the policies of the Council and its committees and to provide direction where necessary.
6. To consider the recommendation and reports of the Executive Director relating to human resources, administration and financial matters of the Institute.

CONTINUING PROFESSIONAL DEVELOPMENT COMMITTEE

Council Members:

Seah Siew Yun (Chairman)
Farah Binti Rosley
Prof Dr Jeyapalan A/L Kasipillai
Others:
Lim Kah Fan
Zen Chow Tuck Him

Total number of meetings held: 4

Terms of Reference

1. *To organise the annual National Tax Conference.
2. To profile the Institute through regional and international conferences.
3. To organise and administer seminars and workshop programmes to enhance the skills and knowledge of members and tax professionals and to maintain their professional competency.

*The National Tax Conference is jointly organised with the Lembaga Hasil Dalam Negeri Malaysia (LHDNM) and is managed by a separate joint committee. The following Council Members were nominated by the Council to this joint committee and are as follows:

- Ms Yeo Eng Ping (Co-Organising Chairman)
- Mr Aruljothi Kanagaretnam

EDITORIAL COMMITTEE

Council Members:

K. Sandra Segaran A/L Karuppiah (Chairman)
Phan Wai Kuan
Prof Dr Jeyapalan A/L Kasipillai
Others:
Dr Nakha Ratnam
Kenneth Yong Voon Ken
M. Silverranie
Thenesh Kannaa
Venkataraman Ganesan

Total number of meetings held: 2

Terms of Reference

1. To consider all matters pertaining to the editorial policies of the journal so that the technical quality of the journal continues to be enhanced and is benchmarked to other similar reputable tax journals worldwide.
2. To improve the quality of the journal by soliciting well-researched technical articles.
3. To ensure that all articles submitted are placed through a stringent vetting process to determine suitability for publication.
4. To monitor the production process so that the journal is released on a timely basis.
5. To increase the circulation and subscriber base of the journal at all times.
6. To generate advertising revenue to make the journal self-sufficient eventually.

EDUCATION COMMITTEE

Council Members:

Lew Nee Fook @ Liu Nee Choong (Chairman)
Datuk Harjit Singh Sidhu A/L Bhagwan Singh
Goh Lee Hwa
Others:
Adrian Yeo Eng Hui
Assoc Prof Dr Loo Ern Chen
Chay Wai Hoon
Chong Kean Huat
LL Koong
Ong Hing Huat

Total number of meetings held: 6

Terms of Reference

1. To look into the requirements of registered students and to assist them in facilitating their progression as members of the Institute.
2. To formulate strategies to promote the Institute's qualification to prospective students.
3. To determine accreditation processes and establish strategic alliances with institutions of higher learning for the provision of courses relating to the professional examination.
4. To source for contributions of published material to the Resource Centre of the Institute.

COMMITTEES 2014 / 2015 (cont'd)

EXAMINATIONS COMMITTEE

Council Members:
Prof Dr Jeyapalan A/L Kasipillai (Chairman)
Nicholas Anthony Crist
Ong Chong Chee
Others:
Ravi Balakrishnan

Total number of meetings held: 1

Terms of Reference

1. To establish and review (from time to time) the examination syllabus of the Institute's Examinations to ensure that it remains relevant in meeting the challenges and demands of the changing tax regime and tax laws so that graduates will be able to meet the current and future market expectations.
2. To establish and review rules and regulations of the Institute's Examinations.
3. To determine the eligibility of students sitting for the Institute's Examinations and to recommend to the Council the appropriate examination fees.
4. To consider and approve applications for exemption from the relevant examination papers.
5. To appoint chief examiners, examiners, invigilators, markers and moderators and to recommend to the Council the honorarium and fees payable.
6. To consider and approve the Institute's Examination papers set by the appointed examiners.
7. To consider any appeals relating to the examination results.
8. To consider and approve the publication of model answers and examiners' comments.
9. To determine the policy on safekeeping and confidentiality of examination papers and of answer scripts.
10. To determine prize winners and to publish the results of the examinations.

MEMBERSHIP SERVICES COMMITTEE

Council Members:
Aruljothi A/L Kanagaretnam (Chairman)
Datuk Tan Leh Kiah
Farah Binti Rosley
Others:
Adrian Yeo Eng Hui

Total number of meetings held: 2

Terms of Reference

1. To review and recommend to Council the policies, procedures and qualifications recognized for admission of members.
2. To consider applications for membership and reclassification of membership for approval of the Council.
3. To consider and make recommendation to Council for removal of a member from the membership register for failing to pay the annual subscription in accordance with the regulations of the Institute.
4. To consider applications for readmission by members who have been suspended or excluded from membership.
5. To review the membership fees from time to time and make recommendations to Council.
6. To develop and update the by-laws on professional conduct and ethics.
7. To promote membership of the Institute.
8. To enhance services provided to members.

DISCIPLINARY COMMITTEE

Council Members:
Ong Chong Chee (Chairman)

Total number of meetings held: 0

Terms of Reference

1. To recommend to the Council the procedures, rules and regulations pertaining to disciplinary matters, including any subsequent improvements thereto.
2. To conduct hearings on all cases referred to the Committee by the Investigation Committee.
3. To determine the appropriate action to be taken upon completion of a hearing.

TECHNICAL COMMITTEE - DIRECT TAXATION I [TC-DT (I)]

Council Members:
Phan Wai Kuan (Chairman)
Datuk Harjit Singh Sidhu A/L Bhagwan Singh
Goh Lee Hwa
K. Sandra Segaran A/L Karupiah
Nicholas Anthony Crist
Poon Yew Hoe
Renuka Thuraisingham
Seah Siew Yun
Thanneermalai A/L SP SM Somasundaram
Yeo Eng Ping
Others:
Beh Tok Koay
Lai Shin Fah, David
Lim Kah Fan
Ng Say Guat

Total number of meetings held: 2

To assist the TC-DT (I) in the execution of its duties, the Committee constitutes various working groups as and when required. These working groups deal with tax compliance and operations matters, public rulings, tax audits and tax investigations and other technical aspects.

Terms of Reference

1. The TC-DT (I) shall be responsible for all direct tax issues related to Income Tax, but excluding issues related to Stamp Duty, Real Property Gains Tax, Petroleum Income Tax, Labuan Income Tax and other matters relating to Labuan, Promotion of Investments Act 1986 and other tax incentives (eg MSC, Bionexus) and issues under the purview of Securities Commission and Bank Negara.
2. To provide effective representation at dialogues with Government authorities on tax issues faced by members, the business community and the public at large.
3. To recommend to the Government proposals for the review of tax policy, tax administration and other fiscal changes so as to promote certainty, clarity and transparency as well as to simplify the taxation system.
4. To issue tax information circulars to members on a timely basis and to issues guidance notes and other relevant technical publications when necessary.
5. To consider matters affecting tax practitioners and meet members to understand their requirements.

COMMITTEES 2014 / 2015 (cont'd)

TECHNICAL COMMITTEE - DIRECT TAXATION II [TC-DT (II)]

Council Members:

Renuka Thuraisingham (Chairman)
Goh Lee Hwa
K. Sandra Segaran A/L Karupiah
Lew Nee Fook @ Liu Nee Choong
Phan Wai Kuan
Seah Siew Yun
Yeo Eng Ping
Others:
Lai Shin Fah, David
Low Geok Ping, Stefanie

Total number of meetings held: 3

Terms of Reference

1. The Technical Committee - Direct Tax (II) shall be responsible for all direct tax issues not under the purview of Technical Committee - Direct Tax (I), and includes Stamp Duty, Real Property Gains Tax, Petroleum Income Tax, Labuan Income Tax & other matters relating to Labuan, Promotion of Investments Act 1986 & other tax incentives (eg MSC, Bionexus) and issues under the purview of Securities Commission (SC) and Bank Negara.
2. To provide effective representation at dialogues with Government authorities on tax issues faced by members, the business community and the public at large.
3. To recommend to the Government proposals for the review of tax policy, tax administration and other fiscal changes so as to promote certainty, clarity and transparency as well as to simplify the taxation system.
4. To issue tax information circulars to members on a timely basis and to issue guidance notes and other relevant technical publications when necessary.
5. To consider matters affecting tax practitioners.

TECHNICAL COMMITTEE - INDIRECT TAXATION (TC-IT)

Council Members:

Thanneermalai A/L SP SM Somasundaram (Chairman)
Datuk Harjit Singh Sidhu A/L Bhagwan Singh
Farah Binti Rosley
K. Sandra Segaran A/L Karupiah
Nicholas Anthony Crist
Ong Chong Chee
Phan Wai Kuan
Others:
Alan Chung
Beh Tok Koay
Bob Kee Lin Jen
Dave Ananth
Fan Kah Seong
Fennie Lim Phaik Hui
Fo Wai Lan
Huang Shi Yang
Koh Siok Kiat
Lai Shin Fah, David
Larry James Sta Maria
Ng Sue Lynn
S. Saravana Kumar
Sitartha Raja Kumaran
Siti Fatimah bt Mohd Shahrom
Sudharsanan Thillainathan
Thenesh Kannaa
Thomas Selva Doss
Vijey R. Mohana Krishnan
Wan Heng Choon

Total number of meetings held: 4

Terms of Reference

1. To provide effective representation at dialogues with Government authorities on tax issues faced by members, the business community and the public at large
2. To recommend to the Government proposals for the review of tax policy, tax administration and other fiscal changes so as to promote certainty, clarity and transparency as well as to simplify the taxation system
3. To issue tax information circulars to members on a timely basis and to issue guidance notes and other relevant technical publications when necessary
4. To consider matters affecting tax practitioners

COMMITTEES 2014 / 2015 (cont'd)

PUBLIC PRACTICE COMMITTEE

Council Members:

Poon Yew Hoe (Chairman)
Datuk Harjit Singh Sidhu A/L Bhagwan Singh
Farah Binti Rosley
Lew Nee Fook @ Liu Nee Choong
Renuka Thuraisingham

Others:

Chong Kean Huat
Chuah Sze Tong
Fam Seng Choy
Peter Lim Thiam Kee
Tan Teng Chai

Total number of meetings held: 2

Terms of Reference

1. To provide effective representation at dialogues with the Government authorities on public practice issues faced by members and the tax practitioners in the country.
2. To recommend to the Government effective proposals to enhance the development of the tax profession in the country, including the review of tax agent licensing procedures, so as to promote certainty, clarity and transparency in the matter, and simplification of the licensing process.
3. To issue professional public practice information circulars to members on a timely basis, and to issue guidance notes and other relevant publications on public practice when necessary.
4. To recommend a code of best practices for members, with a view to assisting them in dealing with the clients and authority professionally as well as ethical issues faced in their practice.
5. To review the criteria for the issuance of the Public Practice Certificate and organisation of the one-day Public Practice Certificate Course for new applicants.
6. To identify issues pertaining to the management of a public practice i.e. risk management, revenue and cost management, staff recruitment and retention etc.

RESEARCH COMMITTEE

Council Members:

Nicholas Anthony Crist (Chairman)
Datuk Harjit Singh Sidhu A/L Bhagwan Singh
Goh Lee Hwa

Total number of meetings held: 0

Terms of Reference

1. To establish and amend guidelines and criteria for the review and evaluation of research projects/proposals.
2. To recommend, for the approval of the Board of Trustees of the Malaysian Tax Research Foundation (MTRF) relevant research projects and the quantum of financial assistance to be given.
3. To monitor and evaluate the progress of the approved research project and, where necessary, recommend to the Board of Trustees of the MTRF for appropriate action to be taken.
4. To evaluate completed research reports and recommend to the Board of Trustees of the Malaysian Tax Research Foundation how the findings should be disseminated, i.e. whether via publication in the Journal of the Institute, in a seminar, etc.

CALENDAR OF CPD EVENTS 2014 / 2015

Date	Training Programme	Venue
3 June 2014	Practical GST Seminar	Kuala Lumpur
16 - 17 July 2014	Preparing Manufacturers for the GST Implementation	Kuala Lumpur
12 & 13 Aug 2014	National Tax Conference 2014	Kuala Lumpur Convention Centre, Kuala Lumpur
27 - 28 Aug 2014	GST for Property Developers & Construction Companies	Kuala Lumpur
10-11 Sep 2014	Preparing Manufacturers for the GST Implementation	Johor Bahru
17-18 Sep 2014	Preparing Manufacturers for the GST Implementation	Penang
24 Sep 2014	Workshop 1: Business, Trade & Professions	MAICSA Training Room
30 Sep 2014	Members' Technical Dialogue	CTIM Training Room
16 Oct 2014	Workshop 2: Employment Income	MAICSA Training Room
28 Oct 2014	Workshop 3: Allowances & Deductions	MAICSA Training Room
12 Nov 2014	Workshop 4: Special Topics (I)	MAICSA Training Room
27 Nov 2014	Workshop 5: Special Topics (II)	MAICSA Training Room
29 Oct 2014	2015 Budget Seminar	Kuala Lumpur
17 Nov 2014	2015 Budget Seminar	Malacca
18 Nov 2014	2015 Budget Seminar	Subang
18 Nov 2014	2015 Budget Seminar	Kota Kinabalu
19 Nov 2014	2015 Budget Seminar	Kuching
19 Nov 2014	2015 Budget Seminar	Kuantan
20 Nov 2014	2015 Budget Seminar	Penang
25 Nov 2014	2015 Budget Seminar	Johor Bahru
27 Nov 2014	2015 Budget Seminar	Ipoh
2 Dec 2014	2015 Budget Seminar	Kuala Lumpur
8 Jan 2015	GST Implication on Employer and Employee Benefits	Kuala Lumpur
12 & 13 Jan 2015	GST for Property Developers & Construction Companies	Kuala Lumpur
20 Jan 2015	National GST Conference 2015	Sime Darby Convention Centre, Kuala Lumpur

CALENDAR OF CPD EVENTS 2014 / 2015 *(cont'd)*

Date	Training Programme	Venue
26 Jan 2015	Half day seminar: Transfer Pricing	Kuching
29 Jan 2015	Tax Planning for Individuals (in collaboration with MAICSA)	MAICSA Training Room
9 Feb 2015	Half day seminar: Transfer Pricing	Kuala Lumpur
11 Feb 2015	GST for Property Developers	CTIM Training Room
5 Mar 2015	GST: Costly Mistakes to Avoid	Kuala Lumpur
6 Mar 2015	GST on Rental Income & Service Charges	Kuala Lumpur
10 Mar 2015	LHDNM-CTIM Tax Forum 2015	Kuala Lumpur
13 Mar 2015	Members' Technical Dialogue	Kuala Lumpur
17 Mar 2015	Submission: Return Forms B, C & R (in collaboration with MAICSA)	MAICSA Training Room
18 Mar 2015	LHDNM-CTIM Tax Forum 2015	Johor Bahru
19 Mar 2015	LHDNM-CTIM Tax Forum 2015	Penang
19 Mar 2015	Analysis of Recent Tax Cases 2014 & Understanding Tax Appeal Processes	Malacca
24 Mar 2015	Tax Planning for Companies (in collaboration with MAICSA)	MAICSA Training Room
25 Mar 2015	LHDNM-CTIM Tax Forum 2015	Kota Kinabalu
26 Mar 2015	LHDNM-CTIM Tax Forum 2015	Kuching
30 Mar 2015	Analysis of Recent Tax Cases 2014 & Understanding Tax Appeal Processes	Kuala Lumpur
6 Apr 2015	Submitting Your First GST Return Correctly	Kuala Lumpur
9 Apr 2015	Understanding the Legal and Practical Aspects of Withholding Taxes	CTIM Training Room
13 Apr 2015	Analysis of Recent Tax Cases 2014 & Understanding Tax Appeal Processes	Penang
20 Apr 2015	Understanding the Legal and Practical Aspects of Capital Allowances	CTIM Training Room
22 Apr 2015	Accounting Issues for GST	Kuala Lumpur
28 Apr 2015	Accounting Issues for GST (re-run session)	Kuala Lumpur
14 May 2015	Understanding the Legal and Practical Aspects of Tax Audits and Investigations	CTIM Training Room
26 May 2015	Understanding Malaysia Property & Tax Planning Strategy	Ipoh
8 Jun 2015	Submitting Your GST Return Correctly (re-run session)	Kuala Lumpur
11 Jun 2015	Tax Audit in Present Taxation Regime	Ipoh
22 Jun 2015	Getting Ready for GST Audits	Kuala Lumpur

CALENDAR OF CPD EVENTS 2014 / 2015 *(cont'd)*

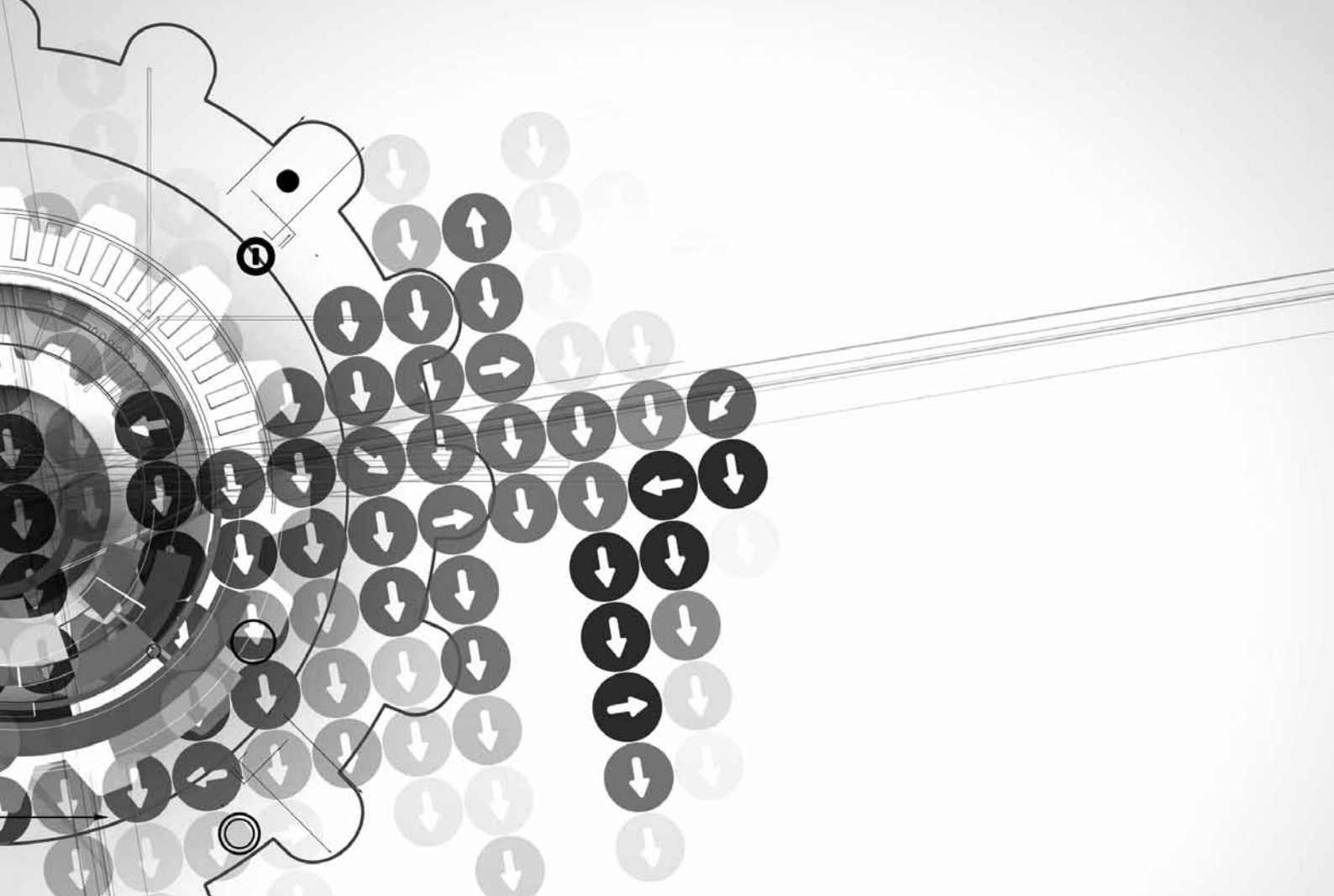
Date	GST Training Course	Venue
2 - 23 June 2014	GST Training Course No.3/2014	Penang
26 May - 8 June 2014	GST Training Course No.4/2014	Kuala Lumpur
15 - 23 Aug 2014	GST Training Course No.5/2014	Kuantan
12 - 22 Sep 2014	GST Training Course No.6/2014	Kuala Lumpur
20 - 27 Sep 2014	GST Training Course No.7/2014	Kuching
17 Oct - 2 Nov 2014	GST Training Course No.8/2014	Johor Bahru
31 Oct - 9 Nov 2014	GST Training Course No.9/2014	Kota Kinabalu
5 - 14 Dec 2014	GST Training Course No.10/2014	Kuala Lumpur
12 - 21 Oct 2014	GST Training Course No.11/2014	Subang
10 - 26 Jan 2015	GST Training Course No.1/2015	Kuala Lumpur
16 - 25 Jan 2015	GST Training Course No.2/2015	Penang
6 - 16 Feb 2015	GST Training Course No.3/2015	Kuching
28 Feb - 9 Mar 2015	GST Training Course No.4/2015	Subang
7 - 20 Mar 2015	GST Training Course No.5/2015	Johor Bahru
9 - 18 May 2015	GST Training Course No.6/2015	Kuala Lumpur



Pictorial **HIGHLIGHTS**







FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2014

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COUNCIL MEMBERS' REPORT

The Council members have pleasure in submitting their report together with the audited financial statements of the Institute for the year ended 31 December 2014.

Principal Objectives

The principal objectives of the Institute are to promote, encourage and advance the status and interest of the taxation profession in Malaysia.

There have been no significant changes in the nature of these objectives during the year.

Financial Results

Surplus for the year	RM 1,671,802
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In the opinion of the Council members, the results of the operations of the Institute for the year have not been substantially affected by any item, transaction or event of a material and unusual nature.

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

Reserves and Provisions

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

Council Members

The members who have served in the Council since the date of the last report are as follows:

Lew Nee Fook @ Liu Nee Choong	
Thanneermalai A/L SP SM Somasundaram	
Tan Leh Kiah	
Seah Siew Yun	
Poon Yew Hoe	
K.Sandra Segaran A/L Karuppiah	
Jeyapalan A/L Kasipillai	
Ong Chong Chee	
Phan Wai Kuan	
Aruljothi A/L Kanagaretnam	
Nicholas Anthony Crist	
Yeo Eng Ping	
Renuka Thuraisingham	
Goh Lee Hwa	(elected on 14.06.2014)
Farah Binti Rosley	(elected on 14.06.2014)
Harjit Singh Sidhu A/L Bhagwan Singh	(elected on 14.06.2014)
Lai Shin Fah @ David Lai	(retired on 14.06.2014)
Lim Thiam Kee	(retired on 14.06.2014)
Chow Kee Kan @ Chow Tuck Kwan	(retired on 14.06.2014)

In accordance with Article 59 of the Institute's Articles of Association, Mr. Lew Nee Fook @ Liu Nee Choong, Mr. Tan Leh Kiah, Ms. Seah Siew Yun and K. Sandra Segaran A/L Karuppiah shall retire at the forthcoming Annual General Meeting. Mr. Tan Leh Kiah, Ms. Seah Siew Yun and K. Sandra Segaran A/L Karuppiah shall be eligible for re-election. In accordance with Article 58B, Mr. Lew Nee Fook @ Liu Nee Choong is not eligible to seek re-election.

Interests of Council Members

None of the Council members holding office at the end of the year end had any interest in the Institute.

COUNCIL MEMBERS' REPORT (cont'd)**Benefits of Council Members**

Since the end of the previous year, no Council member has received or become entitled to receive any benefit by reason of a contract made by the Institute with the Council member or with a firm of which the Council member is a member, or with a Institute in which the Council member has a substantial financial interest.

Neither during nor at the end of the year, was the Institute a party to any arrangement the object of which is to enable the Council members to acquire benefits by means of the acquisition of shares in or debentures of the Institute or any other body corporate.

Other Statutory Information

Before the statement of income and expenditure and statement of financial position of the Institute were made out, the Council members took reasonable steps:

- (i) to ascertain that action had been taken in relation to the writing off of bad debts and the making of allowance for doubtful debts and satisfied themselves that all known bad debts had been written off and that adequate allowance had been made for doubtful debts; and
- (ii) to ensure that any current assets which were unlikely to realise their book value in the ordinary course of business were written down to an amount which they might be expected so to realise.

At the date of this report, the Council members are not aware of any circumstances:

- (i) that would render the amount 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; or
- (ii) that would render the values attributed to the current assets in the financial statements of the Institute misleading; or
- (iii) which have arisen which render adherence to the existing method of valuation of assets or liabilities of the Institute misleading or inappropriate; or
- (iv) not otherwise dealt with in this report or the financial statements, that would render any amount stated in the financial statements of the Institute misleading.

No contingent or other liabilities of the Institute have become enforceable or are likely to become enforceable within the period of twelve months after the end of the year which, in the opinion of the Council members, will or may affect the ability of the Institute to meet its obligations as and when they fall due.

At the date of this report:

- (i) there are no charges on the assets of the Institute which have arisen since the end of the year to secure the liabilities of any other person; and
- (ii) there are no contingent liabilities in respect of the Institute which have arisen since the end of the year.

Auditors

The auditors, Morison Anuarul Azizan Chew, have expressed their willingness to accept re-appointment.

Signed in accordance with a resolution of the members of the Council.



ARULJOTHI A/L KANAGARETNAM



POON YEW HOE

STATEMENT BY COUNCIL MEMBERS**Pursuant to Section 169(15) of the Companies Act, 1965**

We, ARULJOTHI A/L KANAGARETNAM and POON YEW HOE being two of the Council members of CHARTERED TAX INSTITUTE OF MALAYSIA, do hereby state that, in the opinion of the Council, the financial statements set out on pages 31 to 51 are drawn up in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the provisions of the Companies Act, 1965 in Malaysia so as to give a true and fair view of the state of affairs of the Institute as at 31 December 2014 and of its results and the cash flows of the Institute for the year ended on that date.

Signed in accordance with a resolution of the members of the Council.



ARULJOTHI A/L KANAGARETNAM

POON YEW HOE

KUALA LUMPUR

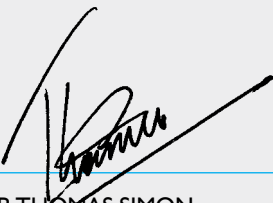
26 February 2015

STATUTORY DECLARATION

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

I, P THOMAS SIMON, being the Executive Director primarily responsible for the financial management of CHARTERED TAX INSTITUTE OF MALAYSIA, do solemnly and sincerely declare that the financial statements set out on pages 31 to 51 are to the best of my knowledge and belief, 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 P THOMAS SIMON at on this date of 26 February 2015.



P THOMAS SIMON

Before me,



COMMISSIONER FOR OATHS
No. 50, Jalan Hang Lekiu
50100 Kuala Lumpur.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF CHARTERED TAX INSTITUTE OF MALAYSIA

Report on the Financial Statements

We have audited the accompanying financial statements of Chartered Tax Institute of Malaysia, which comprise the statement of financial position as at 31 December 2014 of the Institute, and the statement of income and expenditure, statement of changes in accumulated funds and statement of cash flow of the Institute for the year then ended, and a summary of significant accounting policies and other explanatory notes, as set out on pages 31 to 51.

Council Members' Responsibility for the Financial Statements

The Council members of the Institute are responsible for the preparation of financial statements that give a true and fair view in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the provisions of the Companies Act, 1965 in Malaysia. The Council members are responsible for such internal control as the Council members 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 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 the 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 Institute'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 Institute's internal control. An audit also involves evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Council members, 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.

Opinion

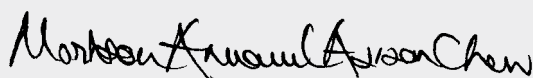
In our opinion, the financial statements give a true and fair view of the financial position of the Institute as of 31 December 2014 and of their financial performance and cash flows for the year then ended in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 1965 in Malaysia.

Report on Other Legal and Regulatory Requirements

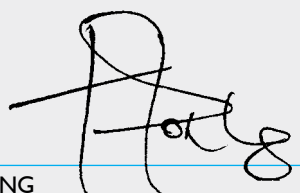
In accordance with the requirements of the Companies Act, 1965 in Malaysia, we also report in our opinion that the accounting and other records and the registers required by the Act to be kept by the Institute have been properly kept in accordance with the provisions of the Act.

Other Matters

This report is solely made 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 any responsibility to any other person for the content of this report.



MORISON ANUARUL AZIZAN CHEW
Firm Number: AF 001977
Chartered Accountants



TAN POH LING
Approved Number: 2564/03/15 (J)
Chartered Accountant

KUALA LUMPUR

26 February 2015

STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2014

	Note	2014 RM	2013 RM
Non-Current Assets			
Property, plant and equipment	3	1,986,032	2,039,450
Current Assets			
Other receivables	4	500,630	315,520
Fixed deposits with licensed banks	5	4,232,355	2,995,757
Cash and bank balances		1,431,181	665,498
		6,164,166	3,976,775
Current Liabilities			
Other payables	6	1,161,729	630,248
Government grant	7	54,138	94,803
Tax payable		2,758	1,433
		1,218,625	726,484
Net current assets		4,945,541	3,250,291
		6,931,573	5,289,741
Financed by:			
Accumulated funds			
Balance brought forward		5,237,625	4,782,390
Surplus for the year		1,671,802	455,235
Balance carried forward		6,909,427	5,237,625
Non-Current Liability			
Deferred tax liabilities	8	22,146	52,116
		6,931,573	5,289,741

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

**STATEMENT OF INCOME AND EXPENDITURE
FOR THE YEAR ENDED 31 DECEMBER 2014**

	Note	2014 RM	2013 RM
Operating income			
Courses and seminars		6,251,111	1,622,144
Examinations		160,744	146,285
Publications		102,516	125,714
Membership services		715,747	694,585
		7,230,118	2,588,728
Less: Operating expenditure			
Courses and seminars		3,480,216	1,045,169
Examinations		81,936	82,152
Publications		113,604	78,398
		3,675,756	1,205,719
Gross income over operating expenditure		3,554,362	1,383,009
Other income			
Utilisation of grant received	7	40,665	190,572
Interest on fixed deposits		132,385	87,475
National Tax Conference	9	513,434	604,632
IRB-CTIM Roadshows	10	15,991	40,093
Sundry income		24,360	4,304
		726,835	927,076
Less: Administrative expenditure			
Advertisement		12,328	2,035
Annual General Meeting		44,230	36,139
Audit fee		6,000	5,000
Bank charges		2,212	1,269
Building service charges and sinking fund		14,412	14,412
Depreciation of property, plant and equipment		116,914	139,342
Equipment rental		11,214	14,952
Legal and secretarial fees		3,151	2,238
Insurance		6,906	-
I.T. maintenance		24,100	17,355
Balance carried forward		241,467	232,742

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

STATEMENT OF INCOME AND EXPENDITURE
FOR THE YEAR ENDED 31 DECEMBER 2014 (cont'd)

	Note	2014 RM	2013 RM
Less: Administrative expenditure (Cont'd)			
Balance brought forward		241,467	232,742
Medical expenses		1,830	2,966
Meeting expenses		4,016	559
Newspaper and periodicals		9,211	7,716
Printing, postage and stationery		77,584	76,524
Professional fees		31,300	27,990
Property, plant and equipment written off		-	140
Quit rent and assessment		14,460	13,104
Staff costs			
- Employees Provident Fund and SOCSO		189,716	138,553
- Staff remuneration		1,460,423	1,120,719
- Staff welfare and insurance		18,307	16,402
Telecommunication expenses		27,905	29,024
Travelling, parking and toll		37,937	27,594
Office expenses		26,124	42,064
Upkeep of office equipment		6,160	4,470
Utilities		25,671	24,531
		2,172,111	1,765,098
Surplus before taxation		2,109,086	544,987
Less: Taxation	11	(437,284)	(89,752)
Surplus for the year		1,671,802	455,235

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

**STATEMENT OF CHANGES IN ACCUMULATED FUNDS
FOR THE YEAR ENDED 31 DECEMBER 2014**

	Accumulated Funds RM
At 1 January 2013	4,782,390
Surplus for the year	455,235
At 31 December 2013	5,237,625
At 1 January 2014	5,237,625
Surplus for the year	1,671,802
At 31 December 2014	6,909,427

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 DECEMBER 2014

	2013 RM	2012 RM
Cash Flows From Operating Activities		
Surplus before taxation	2,109,086	544,987
Adjustments for:		
Depreciation of property, plant and equipment	116,914	139,341
Property, plant and equipment written off	-	140
Interest income	(132,385)	(87,475)
Government grant utilised	(40,665)	(190,572)
Operating surplus before working capital changes	2,052,950	406,421
Decrease/(Increase) in working capital:		
Other receivables	(185,110)	(9,207)
Other payables	531,481	(206,274)
	346,371	(215,481)
Cash generated from operations	2,399,321	190,940
Government grant received	-	100,000
Tax paid	(465,929)	(71,892)
	(465,929)	28,108
Net cash generated from operating activities	1,933,392	219,048
Cash Flows From Investing Activities		
Purchase of property, plant and equipment	(63,496)	(227,627)
Interest received	132,385	87,475
Net cash generated from/(used in) investing activities	68,889	(140,152)
Net increase in cash and cash equivalents	2,002,281	78,896
Cash and cash equivalents at beginning of the year	3,661,255	3,582,359
Cash and cash equivalents at end of the year	5,663,536	3,661,255
Cash and cash equivalents at end of the year		
Fixed deposits with licensed banks	4,232,355	2,995,757
Cash and bank balances	1,431,181	665,498
	5,663,536	3,661,255

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

NOTES TO THE FINANCIAL STATEMENTS

1. Corporate Information

The principal objectives of the Institute are to promote, encourage and advance the status and interest of the taxation profession in Malaysia.

The registered and principal office of the Institute is located at B-13-2, 13th Floor, Megan Avenue II, No. 12, Jalan Yap Kwan Seng, 50450 Kuala Lumpur.

2. Basis of Preparation and Significant Accounting Policies

(a) Basis of Preparation

The financial statements of the Institute has been prepared in accordance with the provisions of the Malaysian Financial Reporting Standards ("MFRS"), International Financial Reporting Standards and the requirements of the Companies Act, 1965 in Malaysia.

The financial statements have been prepared under the historical cost convention except as disclosed in summary of significant accounting policies.

The preparation of financial statements in conformity with MFRS requires the use of certain critical accounting estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reported period. It also requires Councils to exercise their judgment in the process of applying the Institute's accounting policies. Although these estimates and judgment are based on the Councils' best knowledge of current events and actions, actual results may differ. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in Note 2(b).

Accounting standards, amendments to accounting standards and interpretations that are effective for the Institute's financial year beginning on or after 1 January 2014 are as follows:

- Amendments to MFRS 10, MFRS 12 and MFRS 127, "Investment Entities"
- Amendments to MFRS 132, "Financial Instruments: Presentation"
- Amendments to MFRS 136, "Impairment of Assets"
- Amendments to MFRS 139, "Novation of Derivatives and Continuation of Hedge Accounting"
- IC Interpretation 20, "Levies"

The impact of the above accounting standards, amendments to accounting standards and interpretation effective during the financial year is not material to the financial results and position of the Institute.

Accounting standards, amendments to accounting standards and interpretations that are applicable for the Institute in the following periods but are not yet effective:

Annual periods beginning on/after 1 July 2014

Amendment to MFRS 1 First-time Adoption of Malaysian Financial Reporting Standards

These Amendment relates to the Basis for Conclusions which is not an integral part of the Standard. The Basis for Conclusions clarifies that a first-time adopter is permitted but not required to apply a new or revised Standard that is not yet mandatory but is available for early application.

Amendment to MFRS 2 Share-based payment

These Amendment clarifies the definition of 'vesting conditions' by separately defining 'performance condition' and 'service condition' to ensure consistent classification of conditions attached to a share-based payment.

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

2. Basis of Preparation and Significant Accounting Policies (cont'd)

Annual periods beginning on/after 1 July 2014 (continued)

Amendment to MFRS 3 Business combination

These Amendment clarifies that when contingent consideration meets the definition of financial instrument, its classification as a liability or equity is determined by reference to MFRS 132 Financial Instruments: Presentation. It also clarifies that contingent consideration that is classified as an asset or a liability shall be subsequently measured at fair value at each reporting date and changes in fair value shall be recognised in profit or loss.

In addition, Amendment to MFRS 3 clarifies that MFRS 3 excludes from its scope the accounting for the formation of all types of joint arrangements (as defined in MFRS 11 Joint Arrangements) in the financial statements of the joint arrangement itself, but not to the parties to the joint arrangement for their interests in the joint arrangement.

Amendment to MFRS 8 Operating segments

These Amendment requires the disclosure of judgements made in applying the aggregation criteria to operating segments. This includes a brief description of the operating segments that have been aggregated and the economic indicators that have been assessed in determining that the aggregated operating segments share similar economic characteristics. It also clarifies that reconciliation of the total reportable segments' assets to the entity's assets is required if that amount is regularly provided to the chief operating decision maker.

Amendment to MFRS 13 Fair value measurement

These Amendment relates to the Basis for Conclusions which is not an integral part of the Standard. The Basis for Conclusions clarifies that when MFRS 13 was issued, it did not remove the practical ability to measure short-term receivables and payables with no stated interest rate at invoice amounts without discounting, if the effect of discounting is immaterial.

The Amendment also clarifies that the scope of the portfolio exception of MFRS 13 includes all contracts accounted for within the scope of MFRS 139 Financial Instruments: Recognition and Measurement or MFRS 9 Financial Instruments, regardless of whether they meet the definition of financial assets or financial liabilities as defined in MFRS 132 Financial Instruments: Presentation.

Amendment to MFRS 116 Property, plant and equipment and MFRS 138 Intangible Assets

The Amendment clarifies the accounting for the accumulated depreciation/amortisation when an asset is revalued. It clarifies that:

- the gross carrying amount is adjusted in a manner that is consistent with the revaluation of the carrying amount of the asset; and
- the accumulated depreciation/amortisation is calculated as the difference between the gross carrying amount and the carrying amount of the asset after taking into account accumulated impairment losses.

Amendments to MFRS 119 Employee Benefits

These Amendments provides a practical expedient in accounting for contributions from employees or third parties to defined benefit plans. If the amount of the contributions is independent of the number of years of service, an entity is permitted to recognise such contributions as a reduction in the service cost in the period in which the related service is rendered, instead of attributing the contributions to the periods of service. However, if the amount of the contributions is dependent on the number of years of service, an entity is required to attribute those contributions to periods of service using the same attribution method required by MFRS 119 for the gross benefit.

Amendment to MFRS 124 Related Party Disclosures

The Amendment extends the definition of 'related party' to include an entity, or any member of a group of which it is a part, that provides key management personnel services to the reporting entity or to the parent of the reporting entity.

NOTES TO THE FINANCIAL STATEMENTS (cont'd)**2. Basis of Preparation and Significant Accounting Policies** (cont'd)**Amendment to MFRS 140 Investment Property**

The Amendment clarifies that the determination of whether an acquisition of investment property meets the definition of both a business combination as defined in MFRS 3 and investment property as defined in MFRS 140 requires the separate application of both Standards independently of each other.

Amendments to MFRS 5 Non Current Assets Held for Sale and Discontinued Operations

The Amendments introduce specific guidance in MFRS 5 for when an entity reclassifies an asset (or disposal group) from held-for-sale to held-for-distribution to owners (or vice versa), or when held-for-distribution is discontinued.

Amendments to MFRS 7 Financial Instruments: Disclosures

The Amendments provide additional guidance to clarify whether servicing contracts constitute continuing involvement for the purposes of applying the disclosure requirements of MFRS 7. The Amendments also clarify the applicability of Amendments to MFRS 7, Disclosure–Offsetting Financial Assets and Financial Liabilities to condensed interim financial statements.

Amendments to MFRS 10 Consolidated Financial Statements and MFRS 128 Investments in Associates and Joint Ventures

The Amendments address an acknowledged inconsistency between the requirements in MFRS 10 and those in MFRS 128, in dealing with the sale or contribution of assets between an investor and its associate or joint venture. The main consequence of the Amendments is that a full gain or loss is recognised when a transaction involves a business (whether it is housed in a subsidiary or not), as defined in MFRS 3. A partial gain or loss is recognised when a transaction involves assets that do not constitute a business, even if these assets are housed in a subsidiary.

Amendments to MFRS 11 Joint Arrangements

These Amendments clarify that when an entity acquires an interest in a joint operation in which the activity of the joint operation constitutes a business, as defined in MFRS 3, it shall apply the relevant principles on business combinations accounting in MFRS 3, and other MFRSs, that do not conflict with MFRS 11. Some of the impact arising may be the recognition of goodwill, recognition of deferred tax assets/liabilities and recognition of acquisition-related costs as expenses.

Amendments to MFRS 116 Property, plant and equipment

These Amendments to MFRS 116 prohibit revenue-based depreciation because revenue does not, as a matter of principle, reflect the way in which an item of property, plant and equipment is used or consumed.

Amendments to MFRS 119 Employee Benefits

The Amendment clarifies that the high quality corporate bonds used to estimate the discount rate for post-employment benefit obligations should be denominated in the same currency as the liability. The Amendment also clarifies that the depth of the market for high quality corporate bonds should be assessed at a currency level.

Amendments to MFRS 127 Separate Financial Statements

The Amendments allow a parent and investors to use the equity method in its separate financial statement to account for investments in subsidiaries, joint ventures and associates, in addition to the existing options.

NOTES TO THE FINANCIAL STATEMENTS *(cont'd)*

2. Basis of Preparation and Significant Accounting Policies *(cont'd)*

Amendments to MFRS 134 Interim Financial Reporting

The Amendment clarifies the meaning of disclosure of information 'elsewhere in the interim financial report' as used in MFRS 134. The Amendment requires such disclosures to be given either in the interim financial statements or incorporated by cross-reference from the interim financial statements to some other statement that is available to users of the financial statements on the same terms as the interim financial statements and at the same time.

Amendments to MFRS 138 Intangible assets

These Amendments to MFRS 138 introduce a rebuttable presumption that an amortisation method that is based on the revenue generated by an activity that includes the use of an intangible asset is inappropriate. This presumption can be overcome only in the limited circumstances:

- in which the intangible asset is expressed as a measure of revenue, i.e. in the circumstance in which the predominant limiting factor that is inherent in an intangible asset is the achievement of a revenue threshold; or
- when it can be demonstrated that revenue and the consumption of the economic benefits of the intangible asset are highly correlated.

Annual periods beginning on/after 1 January 2017

MFRS 15 Revenue from Contracts with Customers

The Standard provides clarity on revenue recognition especially on areas where existing requirements unintentionally created diversity in practice. Under MFRS 15, an entity recognises revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services.

Extensive disclosures are required to provide greater insight into both revenue that has been recognised, and revenue that is expected to be recognised in the future from existing contracts.

Annual periods beginning on/after 1 January 2018

MFRS 9 Financial Instruments

This Standard addresses the classification, measurement and recognition of financial assets and financial liabilities.

Classification determines how financial assets and financial liabilities are accounted for in financial statements and, in particular, how they are measured on an ongoing basis. The Standard introduces an approach for classification of financial assets which is driven by cash flow characteristics and the business model in which an asset is held. The new model also results in a single impairment model being applied to all financial instruments, thereby removing a source of complexity associated with previous accounting requirements. If a financial asset is a simple debt instrument and the objective of the entity's business model within which it is held is to collect its contractual cash flows, the financial asset is measured at amortised cost. In contrast, if that asset is held in a business model the objective of which is achieved by both collecting contractual cash flows and selling financial assets, then the financial asset is measured at fair value in the balance sheet, and amortised cost information is provided through profit or loss. If the business model is neither of these, then fair value information is increasingly important, so it is provided both in the profit or loss and in the balance sheet.

The Standard introduces a new, expected-loss impairment model that will require more timely recognition of expected credit losses. Specifically, it requires entities to account for expected credit losses from when financial instruments are first recognised and to recognise full lifetime expected losses on a more timely basis. The model requires an entity to recognise expected credit losses at all times and to update the amount of expected credit losses recognised at each reporting date to reflect changes in the credit risk of financial instruments. This model is forward-looking and it eliminates the threshold for the recognition of expected credit losses, so that it is no longer necessary for a trigger event to have occurred before credit losses are recognised.

NOTES TO THE FINANCIAL STATEMENTS (cont'd)**2. Basis of Preparation and Significant Accounting Policies** (cont'd)**Annual periods beginning on/after 1 January 2018** (cont'd)**MFRS 9 Financial Instruments** (cont'd)

In addition, the Standard introduces a substantially-reformed model for hedge accounting, with enhanced disclosures about risk management activity. The new model represents a significant overhaul of hedge accounting that aligns the accounting treatment with risk management activities, enabling entities to better reflect these activities in their financial statements. As a result of these changes, users of the financial statements will be provided with better information about risk management and the effect of hedge accounting on the financial statements.

The Institute is in the process of assessing the impact of MFRS 9 and MFRS 15 in the year of initial application. Aside from the above mentioned, the adoption of the accounting standards and amendments to accounting standards are not expected to have any significant impact to the financial statements of the Institute.

Accounting standards and amendments to accounting standards that are not relevant and not yet effective for the Institute are as follows:

- MFRS 14, "Regulatory Deferral Accounts"
- Amendments to MFRS 116 and MFRS 141, "Agriculture: Bearer Plants"

(b) Significant accounting estimates and judgements

Estimates, assumptions concerning the future and judgements are made in the preparation of the financial statements. They affect the application of the Institute's accounting policies, reported amounts of assets, liabilities, income and expenses, and disclosures made. They are assessed on an on-going basis and are based on historical experience and other relevant factors, including expectations of future events that are believed to be reasonable under the circumstances.

The key assumption concerning the future and other key sources of estimation or uncertainty at the reporting date, that has a significant risk of causing a material adjustment within the next year relates to depreciation of property, plant and equipment.

The costs of property, plant and equipment are depreciated on a straight-line basis over the useful lives of the property, plant and equipment. Management estimates the useful lives of the property, plant and equipment to be 2 to 50 years as stated in Note 2(c). These are common life expectancies applied in the industries. Changes in the expected level of usage and technological developments could impact the economic useful lives and the residual values of these assets, therefore future depreciation charges could be revised. The carrying amount of the Institute's property, plant and equipment as at 31 December 2014 are stated in Note 3 to the financial statements.

(c) Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and accumulated impairment losses. The policy of recognition and measurement of impairment losses is in accordance with Note 2(d).

Property, plant and equipment are depreciated on a straight-line basis over the estimated useful lives of property, plant and equipment. Work-in-progress is not depreciated until they have been completed and ready for commercial operation.

The estimated useful lives for the current period are as follows:

Freehold Property	50 years
Office equipment	10 years
Furniture and fittings	10 years
Computer equipment and software	2.5 years
Renovation	10 years

The depreciable amount is determined after deducting the residual value.

Depreciation methods, useful lives and residual values are reviewed at end of each reporting period, and adjusted as appropriate.

NOTES TO THE FINANCIAL STATEMENTS (cont'd)**2. Basis of Preparation and Significant Accounting Policies** (cont'd)**(c) Property, plant and equipment** (cont'd)

Gain or losses on disposals are determined by comparing net disposal proceeds with carrying amount and are included in administrative expenditure.

(d) Impairment of non-financial assets

Assets that have an indefinite useful life, such as goodwill or intangible assets not ready to use, are not subject to amortisation and are tested annually for impairment. Assets that are subject to amortisation and depreciation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable.

For the purpose of impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or cash-generating units.

The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs to sell. 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 or cash-generating unit.

An impairment loss is recognised if the carrying amount of an asset or its related cash-generating unit exceeds its estimated recoverable amount.

Impairment losses are recognised in profit or loss unless it reverses a previous revaluation in which it is charged to the revaluation surplus. Impairment losses recognised in prior periods are assessed at the end of each reporting period for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount since the last impairment loss was recognised. An impairment loss is reversed only to the extent that the asset's carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised. Reversals of impairment losses are credited to profit or loss in the financial year in which the reversals are recognised.

(e) Financial assets**(i) Classification**

The Institute classifies its financial assets based on the purpose for which the financial assets were acquired at initial recognition in the following categories:

Financial assets at fair value through profit or loss

Fair value through profit or loss category comprises financial assets that are held for trading, including derivatives (except for a derivative that is a financial guarantee contract or a designated and effective hedging instrument) or financial assets that are specifically designated into this category upon initial recognition.

Assets in this category are classified as current assets if expected to be settled within 12 months, otherwise, they are classified as non-current assets.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market.

They are included in current assets, except for maturities greater than 12 months after the end of the reporting period. These are classified as non-current assets.

NOTES TO THE FINANCIAL STATEMENTS *(cont'd)*

2. Basis of Preparation and Significant Accounting Policies *(cont'd)*

(e) Financial assets *(cont'd)*

Held-to-maturity financial assets

Held-to-maturity financial assets are non-derivative financial assets with fixed or determinable payments and fixed maturities that the Institute's management has the positive intention and ability to hold to maturity.

Held-to-maturity financial assets are included in non-current assets, except for those with maturities less than 12 months from the end of the reporting period, which are classified as current assets.

Available-for-sale financial assets

Available-for-sale financial assets are non-derivatives that are either designated in this category or not classified in any of the other categories.

They are included in non-current assets unless the investment matures or management intends to dispose of it within 12 months of the end of the reporting period.

(i) Recognition and initial measurement

Regular purchases and sales of financial assets are recognised on the trade-date, the date on which the Institute commits to purchase or sell the asset.

Financial assets are initially recognised at fair value plus transaction costs for all financial assets not carried at fair value through profit or loss. Financial assets carried at fair value through profit or loss are initially recognised at fair value, and transaction costs are expensed in profit or loss.

(ii) Subsequent measurement

Gains and losses

Financial assets at fair value through profit or loss and available-for-sale financial assets are subsequently carried at fair value. Loans and receivables and held-to-maturity financial assets are subsequently carried at amortised cost using the effective interest method.

Changes in the fair values of financial assets at fair value through profit or loss, including the effects of currency translation, interest and dividend income are recognised in profit or loss in the period in which the changes arise.

Changes in the fair value of available-for-sale financial assets are recognised in other comprehensive income. Impairment losses and exchange differences on monetary assets are recognised in profit or loss, whereas exchange differences on non-monetary assets are recognised in other comprehensive income as part of fair value change.

Interest and dividend income on available-for-sale financial assets are recognised separately in profit or loss. Interest on available-for-sale debt securities calculated using the effective interest method is recognised in profit or loss. Dividend income on available-for-sale equity instruments are recognised in profit or loss when the Institute's right to receive payments is established.

Impairment of financial assets

An impairment loss in respect of loans and receivables and held-to-maturity investments 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 asset's original effective interest rate. The carrying amount of the asset is reduced through the use of an allowance account.

An impairment loss in respect of available-for-sale financial assets is recognised in profit or loss and is measured as the difference between the asset's acquisition cost (net of any principal repayment and amortization) and the asset's current fair value, less any impairment loss previously recognised. Where a decline in the fair value of an available-for-sale financial asset has been recognised in other comprehensive income, the cumulative loss in other comprehensive income is reclassified from equity to profit or loss.

2. Basis of Preparation and Significant Accounting Policies (cont'd)

(e) Financial assets (cont'd)

(iii) Subsequent measurement (cont'd)

Impairment of financial assets (cont'd)

An impairment loss in respect of unquoted equity instrument that is carried at cost is recognised in profit or loss and is measured as the difference between the financial asset's carrying amount and the present value of estimated future cash flows discounted at the current market rate of return for a similar financial asset.

Impairment losses recognised in profit or loss for an investment in an equity instrument classified as available for sale is not reversed through profit or loss.

If, in a subsequent period, the fair value of a financial asset measured at amortised cost and the increase can be objectively related to an event occurring after the impairment loss was recognised in profit or loss, the impairment loss is reversed, to the extent that the asset's carrying amount does not exceed what the carrying amount would have been had the impairment not been recognised at the date the impairment is reversed. The amount of the reversal is recognised in profit or loss.

(f) Cash and cash equivalents

Cash and cash equivalents comprise cash in hand, bank balances, deposits with banks and highly liquid investments which have an insignificant risk of changes in value. For the purpose of the statement of cash flows, cash and cash equivalent are presented net of bank overdrafts and pledged deposits, if any.

(g) Financial liabilities

All financial liabilities are subsequently measured at amortised cost using the effective interest method other than those categorised as fair value through profit or loss.

Other financial liabilities categorised as fair value through profit or loss are subsequently measured at their fair values with the gain or loss recognised in profit or loss.

Fair value through profit or loss category comprises financial liabilities that are derivatives (except for a derivative that is a financial guarantee or a designated and effective hedging instrument) or financial liabilities that are specifically designated into this category upon initial recognition.

(h) Government grant

Government grants are recognised at its fair value where there is reasonable assurance that the grant will be received and all attached conditions will be complied with.

When the grant relates to an expense item, it is recognised as income on a systematic basis over the periods in which the Institute recognised as an expense the related costs for which the grant is intended to compensate.

(i) Income recognition

Revenue is measured at the fair value of the consideration received or receivable net to discount and rebate on an accrual basis. Revenue is recognised to the extent that it is probable that economic benefits associated with the transaction will flow to the Institute.

(j) Employee benefits

(i) Short-term employee benefits

Short-term employee benefit obligations in respect of salaries, annual bonuses, paid annual leave and sick leave are measured on an undiscounted basis and are expensed as the related service is provided.

A liability is recognised for the amount expected to be paid under short-term cash bonus or profit sharing plans if the Institute has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

2. Basis of Preparation and Significant Accounting Policies (cont'd)

(j) Employee benefits (cont'd)

(ii) Defined contribution plans

As required by law, companies in Malaysia make contributions to the state pension scheme, the Employees Provident Fund ("EPF"). Such contribution are recognised as an expense in the statement of income and expenditure in the period to which they relate.

(k) Income taxes

Income tax on the profit or loss for the year comprises current and deferred tax. Current tax is the expected amount of income taxes payable in respect of the taxable profit for the year and is measured using the tax rates that have been enacted at the reporting date.

Deferred tax is recognised on the liability method for all temporary differences between the carrying amount of an assets or liabilities in the statement of financial position and its tax base at the reporting date. Deferred tax liabilities are recognised for all taxable temporary differences and 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 profit will be available against which the deductible temporary differences, unused tax losses and unused tax credits can be utilised.

Deferred tax asset and liability is measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on the tax rates that have been enacted or substantially enacted by the reporting date. The carrying amount of a deferred tax asset is reviewed at each reporting date and is reduced to the extent that it becomes probable that sufficient future taxable profit will be available.

Deferred tax is recognised in the statement of income and expenditure, except when it arises from a transaction which is recognised directly in accumulated fund, in which case the deferred tax is also charged or credited directly in accumulated fund.

NOTES TO THE FINANCIAL STATEMENTS (cont'd)**3. Property, Plant and Equipment**

	Land and building	Office equipment	Furniture and fittings	Computer equipment and software	Renovation	Total
	RM	RM	RM	RM	RM	RM
Cost						
At 1 1 2014	1,967,425	156,086	206,720	326,263	74,426	2,730,920
Additions	-	19,660	-	43,836	-	63,496
At 31 12 2014	1,967,425	175,746	206,720	370,099	74,426	2,794,416
Accumulated depreciation						
At 1 1 2014	183,380	90,731	96,029	282,017	39,313	691,470
Charge for the financial year	39,349	8,899	17,875	43,348	7,443	116,914
At 31 12 2014	222,729	99,630	113,904	325,365	46,756	808,384
Carrying amount						
At 31 12 2014	1,744,696	76,116	92,816	44,734	27,670	1,986,032
Cost						
At 1 1 2013	1,967,425	96,756	101,188	293,821	44,362	2,503,552
Additions	-	59,588	105,532	32,442	30,064	227,626
Write-off	-	(258)	-	-	-	(258)
At 31 12 2013	1,967,425	156,086	206,720	326,263	74,426	2,730,920
Accumulated depreciation						
At 1 1 2013	144,032	77,846	75,946	222,553	31,870	552,247
Charge for the financial year	39,348	13,003	20,083	59,464	7,443	139,341
Write-off	-	(118)	-	-	-	(118)
At 31 12 2013	183,380	90,731	96,029	282,017	39,313	691,470
Carrying amount						
At 31 12 2013	1,784,045	65,355	110,691	44,246	35,113	2,039,450

NOTES TO THE FINANCIAL STATEMENTS (cont'd)**4. Other Receivables**

	2014 RM	2013 RM
Other receivables	127,855	142,482
Deposits and prepayment	372,775	173,038
	500,630	315,520

5. Fixed Deposits With Licensed Banks

	2014 RM	2013 RM
Deposits placed with licensed banks	4,232,355	2,995,757

The effective interest rate of deposits at the reporting date ranged from 2.95% to 3.15% (2013: 2.95% to 3.15%) per annum.

6. Other Payables

	2014 RM	2013 RM
Other payables	787,430	549,309
Accruals	374,299	80,939
	1,161,729	630,248

Included in other payables is an amount of RM282,434 (2013: RM392,232) owing to Lembaga Hasil Dalam Negeri ("LHDNM") being its share of profit from the National Tax Conference.

7. Government Grant

	2014 RM	2013 RM
At 1 January	94,803	185,375
Received during the year	-	100,000
Recognised in the statement of income and expenditure	(40,665)	(190,572)
At 31 December	54,138	94,803

NOTES TO THE FINANCIAL STATEMENTS *(cont'd)*

8. Deferred Tax Liabilities

	2014 RM	2013 RM
At 1 January	52,116	20,450
Recognised in profit or loss	(2,191)	21,717
Under/(Over) provision in prior years	(27,779)	9,949
At 31 December	22,146	52,116

The components of deferred tax liabilities of the company as follows :

	2014 RM	2013 RM
Deferred tax liabilities:		
- property, plant and equipment	22,146	52,116

9. National Tax Conference

The National Tax Conference ("NTC") is jointly organised by the Institute and LHDNM on a yearly basis and the income from NTC represents the Institute's share of net income after deducting expenditure and LHDNM's share of profits.

10. IRB-CTIM Roadshows

The IRB-CTIM Roadshows ("Roadshows") is jointly organised by the Institute and LHDNM and the income from Roadshows represents the Institute's share of net income after deducting expenditure and LHDNM's share of profits.

NOTES TO THE FINANCIAL STATEMENTS (cont'd)**11. Taxation**

	2014 RM	2013 RM
Tax expense:		
Current tax provision	451,249	56,825
Under provision in prior years	16,005	1,261
	467,254	58,086
Deferred tax expense:		
Origination and reversal of temporary differences	(2,191)	21,717
(Over)/Under provision in prior years	(27,779)	9,949
	(29,970)	31,666
	437,284	89,752

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 of the Institute is as follows:

	2014 RM	2013 RM
Surplus before taxation	2,109,086	544,988
Tax at statutory tax rate of:-		
- 18.21% (2013: 18.21%) on the first RM150,000 (2013: RM150,000)	27,325	27,325
- 26% (2013: 26%) on the balance of chargeable income	509,362	102,697
Non-taxable surplus from members	(120,556)	(98,610)
Expenses not deductible for tax purposes	32,927	47,130
(Over)/Under provision of deferred taxation in respect of prior years	(27,779)	9,949
Under provision of taxation in respect of prior years	16,005	1,261
Tax expense for the year	437,284	89,752

12. Operating Lease Arrangements

The Institute has entered into non-cancellable operating lease arrangements for the use of photocopier machine. The lease is for a period of 5 years.

	2014 RM	2013 RM
Within one year	11,616	11,616
Between one and two years	11,616	968
Between two and five years	33,880	-
	57,112	12,584

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

13. Capital Commitments

	2014 RM	2013 RM
Property, plant and equipment:-		
Authorised and contracted for	28,000	40,000

14. Financial Instruments

The table below provides an analysis of financial instruments and their categories:

	Loans and receivables/ other financial liabilities RM	Total RM
2014		
Financial assets		
Trade and other receivables	500,630	500,630
Cash and cash equivalents	5,663,536	5,663,536
	6,164,166	6,164,166
Financial liability		
Trade and other payables	1,161,729	630,248
2013		
Financial assets		
Trade and other receivables	315,520	315,520
Cash and cash equivalents	3,661,255	3,661,255
	3,976,775	3,976,775
Financial liability		
Trade and other payables	630,248	630,248

NOTES TO THE FINANCIAL STATEMENTS (cont'd)**14. Financial Instruments** (cont'd)**Financial risk management**

The Institute's financial risk management policy is to ensure that adequate financial resources are available for the development of the Institute's operations whilst managing its financial risks, including credit risk, liquidity and market risk.

Credit risk

Credit risk is the risk of a financial loss to the Institute if a counterparty of a financial asset fails to meet its contractual obligations. The Institute's exposure to credit risk arises mainly from other receivables.

Management has a credit policy in place and the exposure to credit risk is monitored on an ongoing basis. At reporting date, there were no significant concentrations of credit risk other than disclosed in Note 4.

The maximum exposure to credit risk for the Institute is the carrying amount of the financial assets shown in the statement of financial position.

Liquidity risk

Liquidity risk is the risk that the Institute will not be able to meet its financial obligations as they fall due. The Institute's exposure to liquidity risk arises principally from trade and other payables and borrowings.

Cash flow forecasting is performed by monitoring the Institute's liquidity requirements to ensure that it has sufficient liquidity to meet operational, financing repayments and other liabilities as they fall due

The table below summarises the maturity profile of the Institute's financial liabilities as at the end of the reporting period based on contractual undiscounted payments:

	Carrying amount RM	Contractual interest rate RM	Contractual cash flows RM	Below 1 year RM
2014				
Trade and other payables	1,161,729	-	1,161,729	1,161,729
2013				
Trade and other payables	630,248	-	630,248	630,248

Fair values

The carrying amounts of cash and cash equivalents, other receivables and other payables and short term bank borrowing approximate their fair value due to the relatively short term nature of these financial instruments.

NOTES TO THE FINANCIAL STATEMENTS (cont'd)**15. Capital Management**

The objective of the Institute on capital management is to ensure that it maintains a strong credit rating and safeguard the Institute's ability to continue as a going concern, so as to support its operation and maximise accumulated fund.

The Institute monitors the capital using gearing ratio, which is total debt divided by accumulated fund. The Institute's policy is to keep a lower gearing ratio. The Institute includes within total debt, borrowings and other payables.

	2014 RM	2013 RM
Total debt	1,161,729	630,247
Accumulated funds	6,909,427	5,237,625
Gearing ratio	17%	12%

There were no changes to the Institute's approach to capital management during the year.

16. Date of Authorisation for Issue

The financial statements of the Institute for the year ended 31 December 2014 were authorised for issue in accordance with a resolution of the Council Members on 26 February 2015.

NOTES

