



annual report

2010

ctim
CHARTERED TAX INSTITUTE OF MALAYSIA

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NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN THAT the Nineteenth Annual General Meeting of the Chartered Tax Institute of Malaysia (“the Institute”) will be held on Saturday, 11 June 2011 at 9.30 a.m. at Sheraton Imperial Kuala Lumpur Hotel, Jalan Sultan Ismail, 50250 Kuala Lumpur, Malaysia.

AGENDA

1. President’s address.
2. To receive the Annual Report and Financial Statements of the Institute for the year ended 31 December 2010 and the Report of the Auditors thereon.
3. To elect four (4) Council Members for the 2011/2012 term.

Dr Veerinderjeet Singh, Lim Heng How and Prof Dr Jeyapalan A/L Kasipillai retire in accordance with Article 59 of the Institute Articles of Association and are not eligible for re-election.

- 3(a) Pursuant to Article 59, Lew Nee Fook @ Liu Nee Choong retires and being eligible, offers himself for re-election.
- 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) Datuk Tan Leh Kiah, Francis
 - (ii) Seah Siew Yun
 - (iii) K. Sandra Segaran A/L Karuppiyah
 - (iv) Dr Tan Thai Soon

4. To re-appoint the Auditors for the ensuing year at a remuneration to be determined by the Council Members.
5. As Special Business:

To consider and, if thought fit, to pass the following motion, with or without modification as a Special Resolution:

PROPOSED AMENDMENTS TO THE ARTICLES OF ASSOCIATION

“THAT subject to the approval of the Minister of Domestic Trade, Cooperatives and Consumerism the proposed amendments to the Articles of Association of the Institute as contained in the Appendix I be and are hereby approved AND THAT the Council of the Institute be and are hereby authorized to assent to any modifications, verifications and/or amendments as may be considered necessary to give full effect to the proposed amendments to the Memorandum and Articles of Association of the Company.”

6. Any other business for which due notice has been duly given to the Institute.

By Order of the Council

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

16 May 2011

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 2011 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) 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 the 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.

COUNCIL 2010/2011

COUNCIL MEMBERS

Attendance

Khoo Chin Guan (Chairman)	5
SM Thanneermalai	6
Dr Veerinderjeet Singh	6
Lim Heng How	5
Lim Kah Fan	6
Lew Nee Fook	6
Dr Ahmad Faisal bin Zakaria	6
Aruljothi Kanagaretnam	6
Chow Kee Kan	6
Assoc. Prof. Faridah Ahmad	5
Prof. Dr Jeyapalan Kasipillai	5
Lai Shin Fah, David	5
Dato' Liew Lee Leong, Raymond	6
Lim Thiam Kee, Peter	4
Poon Yew Hoe	5
Yeo Eng Hui, Adrian	5
Seah Siew Yun *	5
Datuk Tan Leh Kiah, Francis *	4
Yeoh Poh Yew, Nancy *	3

No of meetings : 6

*Appointed on 12 June 2010 (No of meetings : 5)

Auditors

Messrs Morison Anuarul Azizan Chew

Registered Office and Address

Chartered Tax Institute of Malaysia
B-13-2, 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

COUNCIL MEMBERS 2010 / 2011



Khoo Chin Guan



SM Thanneermalai



Dr Veerinderjeet Singh



Lim Heng How



Lim Kah Fan



Lew Nee Fook



Dr Ahmad Faisal
Bin Zakaria



Aruljothi A/L
Kanagaretnam



Chow Kee Kan



Assoc. Prof.
Faridah Ahmad



Prof. Dr Jeyapalan
Kasipillai



Lai Shin Fah, David



Dato' Liew
Lee Leong @
Raymond Liew



Lim Thiam Kee,
Peter



Poon Yew Hoe



Yeo Eng Hui,
Adrian



Seah Siew Yun



Datuk Tan Leh Kiah,
Francis



Yeoh Poh Yew,
Nancy

BRANCH OFFICES

East Coast Branch

Chairman : Wong Seng Chong
Address : No. 1, 2nd Floor, Lorong Pasar Baru I
25000 Kuantan
Pahang

Malacca Branch

Chairman : Viknesvaran s/o Arumugam
Address : No. 40-A, Taman Kota Laksamana
75200 Malacca

Southern Branch

Chairman : Tan Lay Beng
Address : Room 335, 3rd Floor
Johor Tower, Jalan Gereja
80100 Johor Bahru
Johor

Northern Branch

Chairman : Andrew Ewe Keang Teong
Address : Unit 41-5-5, 5th Floor, Wisma Prudential
41, Jalan Cantonment
10250 Penang

Perak Branch

Chairman : Loo Thin Tuck
Address : No. 5-2A, Jalan Medan Ipoh 10
Bandar Baru Medan
Ipoh, 31400 Ipoh, Perak

Sarawak Branch

Chairman : Regina Lau
Address : Level 6, Westmoore House
Twin Tower Centre Rock Road,
93200 Kuching
Sarawak

Sabah Branch

Chairman : Teo Chew Hiong
Address : Lot B3.3 - B3.4, 3rd Floor
Block B, No. 71, Bangunan KWSP
88000 Kota Kinabalu
Sabah

CTIM SECRETARIAT

Executive Director

Ann Vong Oi Fong

Manager, Technical & Public Practice

Lim Kok Seng

Manager, Membership & Administration

Karen Yeong Seow Chow

Manager, Examination & Education

Nancy Kaaur d/o Pak Singh

Manager, Continuing Professional Development

Nursalmi Haslina bt Muhd Rusli

Senior Executive, Administration & Finance

Joey Tan Lay Koon

Senior Executive, Membership Services

Khairiza Rosmah bt Noor Rashid

Senior Executive, Continuing Professional Development

Mohd Ridzuan bin Abd Majid

Executive, Administration

Khalijah bt Maasap

Executive, Continuing Professional Development

Siti Fadeah bt Senen

Executive, Examination & Education

Nurul 'Ain bt Abdul Hamed

Admin Assistant, Technical and Public Practice

Siti Nurshalli bt Suaidi

PRESIDENT'S STATEMENT



The Chartered Tax Institute of Malaysia celebrates its 20th Anniversary this year. Since its humble beginnings in 1991, the Institute has grown in its stature as the leading and premier taxation body in Malaysia with a current membership base of over 2,700 members.

Since its last annual general meeting (AGM) in June 2010, the Institute carried out various activities to enhance its profile, promote the tax profession as well as contributing towards improving and enhancing the Malaysian tax system.

The Institute continues to represent members' interest in its various meetings and dialogues with the Ministry of Finance (MOF) and the relevant tax authorities. Since its last AGM, various dialogues were held with the Inland Revenue Board (IRB), the Royal Malaysian Customs Department (RMCD), the Tax Analysis Division of the MOF and the Ministry of International Trade and Industry (MITI). These dialogues provided the platform for the Institute to discuss and provide its comments on tax issues as well as to seek clarification on relevant issues raised by members.

The Joint Public Rulings Working Group submitted comments on five draft public rulings and one Guideline to the IRB whilst the Joint Tax Working Group on Financial Reporting Standards (FRSs), of which the Institute holds co-chairmanship, continues to study the tax impact of the adoption of the various financial reporting standards in Malaysia. The Working Group held six meetings and finalised four discussion papers on the tax implications of four FRSs for the comments of members. Four dialogues were held with the MOF and IRB to discuss the tax implications on the implementation of FRSs 121 and 139 respectively.

The Indirect Tax Working Group commented on two draft GST guides issued by the RMCD and participated in two dialogues with the MOF on service tax issues. As the Government continues to expedite the liberalisation process to enhance business competitiveness in Malaysia, the Institute was invited to participate in dialogues with MITI particularly in the area of liberalisation of the services sector.

The Institute was recently invited to participate in the New Economic Model/Strategic Reform Initiatives Labs organized by PEMANDU under the Economic Transformation Programme. Four representatives of the Institute were involved in the three tax related labs and I had the honour of leading one of the labs.

On the education front, the Institute signed Memoranda of Understanding with Universiti Teknologi MARA and Universiti Tunku Abdul Rahman to collaborate in the area of tax education. A Memorandum of Understanding was also signed with CPA Australia to develop a Malaysian Tax variant paper for the CPA Australia professional programme.

The Institute's professional examination syllabus has been reviewed and the new syllabus will be effective from the 2011 December examinations. Meanwhile we continue to promote the CTIM qualification at career talks and forums at universities as well as to taxation firms.

The Institute continues to update members with the latest tax developments through Continuing Professional Development events conducted in major towns in the country. The 10th National Tax Conference, organised jointly with the IRB in July 2010, attracted close to 2,000 participants. The Budget seminars organised nationwide following the tabling of the 2011 Budget in October 2010, benefited participants across the country. Budget seminars conducted in collaboration with ACCA Malaysia were also carried out in smaller towns for the benefit of members from both organisations. Workshops on topical tax issues were also organized jointly with MAICSA for the benefit of members from both professional bodies.

On the international scene, the Institute is a member of the Asia-Oceania Tax Consultants Association (AOTCA), an organization comprising 20 tax professional bodies from 16 countries within the region. The main objective of AOTCA is to promote mutual understanding and co-operation amongst the various tax bodies whose memberships include tax consultants in the Asia Oceania region. I attended the AOTCA's 18th General Council Meeting and the 9th General Meeting, both held in Sydney, on behalf of the Institute.

The Institute received courtesy calls from the Professor of Accounting,

Faculty of Commerce at the Aichi-Gakuin University, Japan as well as a representative from the Association of International Accountants, United Kingdom.

The Institute visited the Companies Commission of Malaysia and during the meeting, discussed the letter of support requirement pertaining to the incorporation of a company to undertake taxation services. A courtesy call was also made in April 2011 on the newly appointed Chairman of the Special Commissioners of Income Tax.

The Institute is supportive of tax research which will benefit the tax profession and the country. The Institute is therefore committed towards encouraging, promoting and advancing the field of tax research in Malaysia. In tandem with this, the Institute has recently submitted its application for the setting up of the Malaysian Tax Research Foundation to the relevant authorities and is awaiting the approval. Pending the approval of the Malaysian Tax Research Foundation, the Institute through its Research Committee has reviewed proposals for tax research which are beneficial to the tax profession and the country and has approved supplemental funding for two research projects. The Institute sponsored the prize for the best research paper in taxation at the Third Malaysian Outstanding Research Paper in Accounting Awards, organised by the Malaysian Accountancy Research and Education Foundation.

The Council of the Institute has approved the implementation of Practising Certificates for those members in practice. The implementation date is targeted for 1 January 2012, and members issued with Practising Certificates will be eligible to use the description "Chartered Tax Practitioner". This initiative is in line with the practice adopted by various other professional bodies in Malaysia and in other parts of the world for their members in practice. Related to this, the Institute is of the view that it should be involved in the tax licensing process of tax agents, particularly through the interview stage and are working towards achieving this ultimate objective. The Institute also gave its views on the paper prepared by the IRB on the proposed categorization of approved tax agents. The Institute is of the view that there should not be any categorization of tax agents.

A proposal for a reduction in the subscription fee for qualifying retired members (aged 65 and above) was recently approved by the Council for implementation with effect from the 2012 subscription year.

The Institute Secretariat moved to its present premises in December 2005. Since then, it has outgrown the office space available. In conjunction with this, a Taskforce comprising Council members has been formed with the view to identifying a new building for the Institute. The new and bigger premises would allow the Institute to better serve its members.

In conclusion, on behalf of the Council, I would like to thank the IRB, in particular, Dato' Dr Mohd Shukor Hj Mahfar, the Director General/Chief Executive Officer, Tan Sri Hasmah bt Abdullah, the former Director General/Chief Executive Officer of IRB, the Tax Analysis Division of the MOF, in particular, Dato' Siti Halimah bt Ismail, the Under-Secretary, the RMCD, the Tax Review Panel, PEMUDAH, PEMANDU, the Professional Services Development Corporation and other heads of Government and regulatory authorities for their assistance and support of the Institute and its activities.

I would like to thank our members whose support of the Institute and its activities has given us the encouragement to grow further. Members form a key part of the Institute and as such, your constant feedback and opinions matter to the Institute, me and my fellow Council members.

My thanks also go to my fellow Council members and Branch Chairpersons for their dedication and for the time and energy they have spent in developing the Institute and the tax profession. I would like to extend my sincere thanks and appreciation to the Institute's secretariat staff, led by Ms Ann Vong, the Executive Director, for their tireless efforts, dedication and commitment in contributing to the success of the Institute.

Khoo Chin Guan
President

Chartered Tax Institute of Malaysia

REPORT OF THE COUNCIL FOR 2010 / 2011

COMMITTEE REPORTS

CONTINUING PROFESSIONAL DEVELOPMENT (CPD) COMMITTEE

The Committee's main focus is to continuously identify and provide quality training programmes to its members.

During the year, the Institute organised numerous CPD events throughout the country. The 2011 Post-Budget Seminars were organised in most cities and towns. The Institute continued to work in collaboration with ACCA Malaysia and MAICSA to conduct CPD programmes to enhance members' knowledge.

The National Tax Conference which was held on 6 & 7 July 2010 at the Kuala Lumpur Convention Centre saw an encouraging response of close to 2,000 participants. The theme of the Conference was "Driving Towards A High Income Economy". The Conference, which was jointly organised with the Inland Revenue Board, has succeeded in providing a good platform for tax policy makers, tax administrators, tax intermediaries, academicians and taxpayers in general to discuss current issues in tax administration, the global trends in tax development and provide a high level understanding of the latest macroeconomic issues of concern to the country and the Government.

DISCIPLINARY COMMITTEE

During the year, the Disciplinary Committee reviewed and finalized the Institute's Rules and Regulations on Professional Conduct and Ethics.

EDITORIAL COMMITTEE

The Editorial Committee is responsible for the publication and release of the official journal of the Institute. The Committee strives to continue providing better technical articles in taxation, which is in line with the Institute's vision of becoming the premier body in the field of taxation. The Committee is committed in an ongoing effort in improving the contents of the Institute's journal, the Tax Guardian, which carries a wide range of articles focusing on recent developments in taxation both locally, as well as internationally, to meet the increasing demands of tax practitioners. One of the key objectives of the Committee is to increase the subscription circulation of the Tax Guardian both locally and abroad.

EDUCATION COMMITTEE

The Committee's main focus is to promote taxation as the professional qualification to potential members. During the year, the Committee actively embarked on programmes to promote the CTIM qualification to institutions of higher learning and accounting firms. Career talks were held at several local universities, institutions of higher learning and accounting firms with the view of promoting the Institute's examinations and creating awareness in taxation as a career option for graduates. A total of four Memorandums of Understanding were signed between the Institute and Universiti Teknologi MARA, Universiti Tunku Abdul Rahman and CPA Australia for the purpose of working together in the area of tax education.

EXAMINATIONS COMMITTEE

The professional examinations were successfully held from 13 to 17 December 2010 at centres in Georgetown, Ipoh, Kota Bharu, Kuala Lumpur, Malacca, Johor Bharu, Kota Kinabalu and Kuching.

During the year, a total of 213 candidates registered for the December 2010 examinations and there were 19 graduates from the examinations. There has been an improvement in performance in some of the papers compared to previous years.

The Committee had updated the examination syllabus and is planning to review the examinations framework within the next 12 months.

MEMBERSHIP SERVICES COMMITTEE

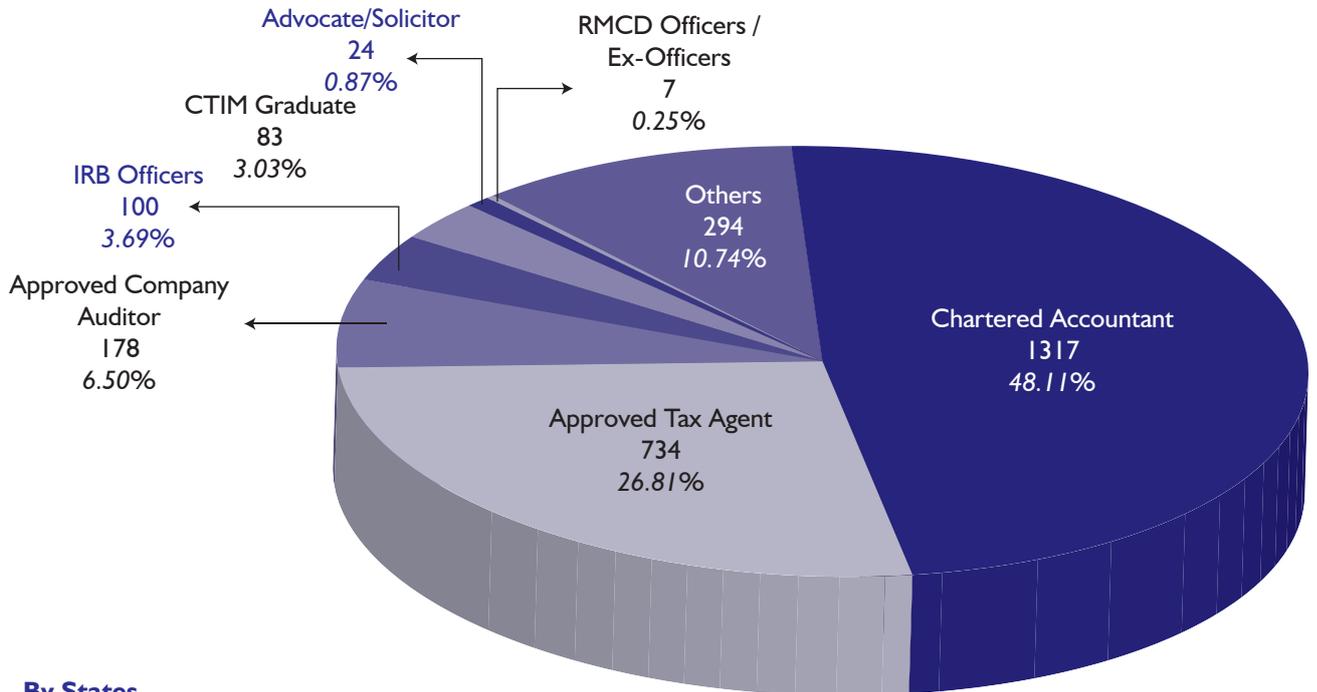
During the year, the Membership Services Committee continued to work towards promoting membership of the Institute. The Committee also took steps to update the membership register due to non-payment of subscriptions for more than a year. The membership as at 31 March 2011 stands at 2,737 comprising 676 Fellow members and 2,061 Associate members.

The Committee has put forward a proposal for a reduced subscription fee for retired members (aged 65 and above) and the proposal has been approved by the Council for implementation with effect from the 2012 subscription year.

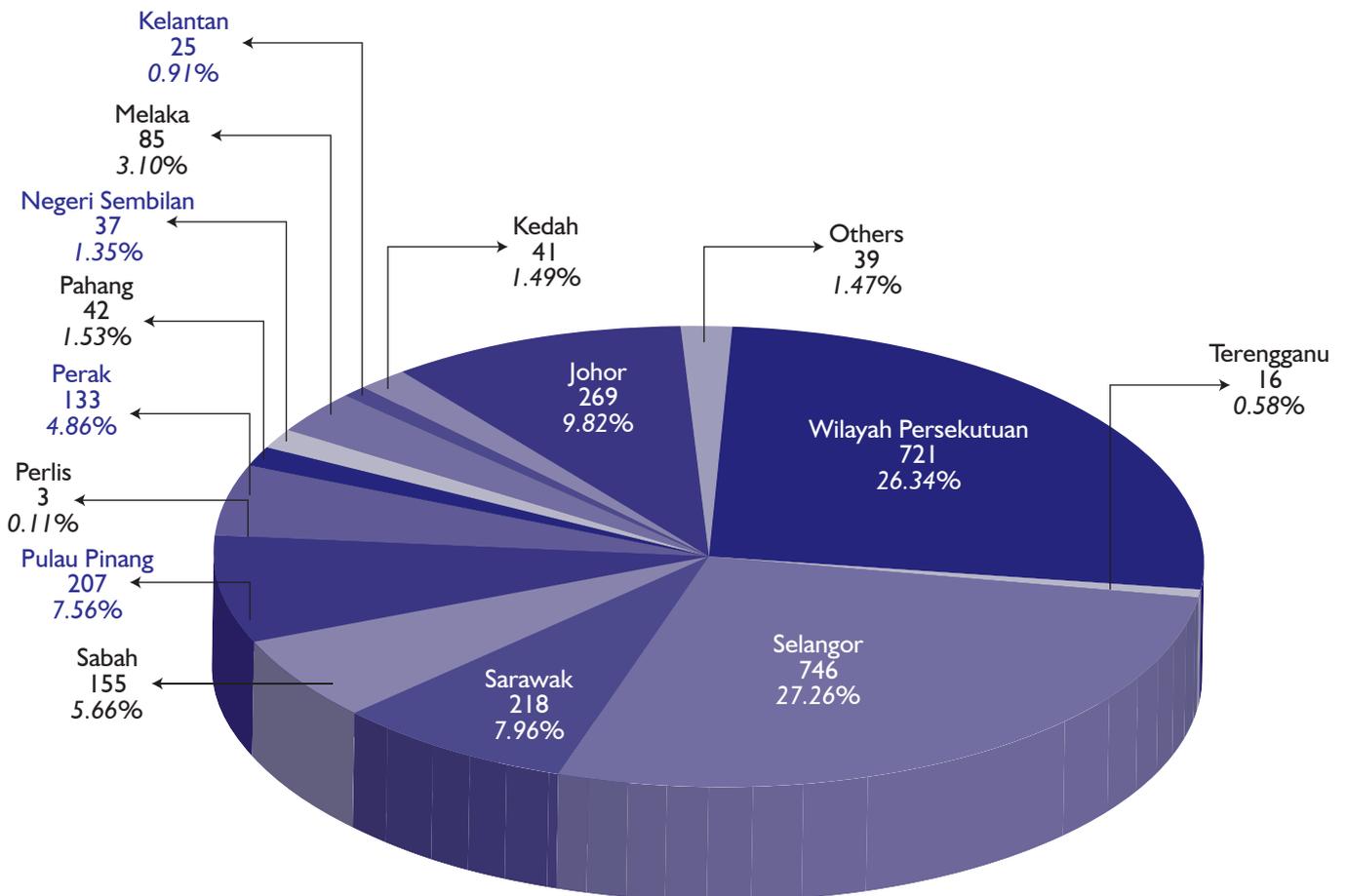
The Committee has also finalised the criteria for the qualification and award of Practising Certificates to members in practice. The Council has recently approved the implementation of Practising Certificates for members in practice. Members issued with Practising Certificates would be eligible to use the description "Chartered Tax Practitioner".

Membership Profile

By Field Of Employment



By States



REPORT OF THE COUNCIL FOR 2010 / 2011...(continued)

TECHNICAL AND PUBLIC PRACTICE COMMITTEE

The Technical and Public Practice Committee was active during the year. It participated in various dialogues with the Government authorities. These dialogues enabled the Institute to provide relevant input to the relevant authorities to assist them in formulating fiscal policies.

The major activities during the year were as follows:-

- **2012 National Budget Proposals**
The Institute submitted the 2012 Budget Memorandum to the Ministry of Finance in April 2011. The proposals focused on recommendations in enhancing the development of the services sector, stimulating the business environment, continuously improving the efficiency of tax administration and maintaining a competitive tax environment, amongst others.
- **Annual dialogues with the Inland Revenue Board (IRB) and the Royal Malaysian Customs Department (RMCD)**
Various dialogues were held with the IRB and the RMCD. These dialogues serve as a platform to discuss and seek clarifications on relevant issues raised by members.
- **Dialogues with the Ministry of Finance (MOF)**
The Institute participated in various dialogues with the MOF to discuss matters pertaining to tax policies such as improving the individual taxation regime, liberalisation of the services sector and implications of the implementation of the increase in the rate of service tax to 6% with effect from 1 January 2011.
- **Licensing of tax agents**
The Institute, together with the other professional bodies was engaged in a dialogue with the IRB to discuss the proposed licensing of approved tax agents into 3 categories. The Institute, together with the Malaysian Institute of Certified Public Accountants and the Malaysian Institute of Chartered Secretaries and Administrators submitted a joint memorandum to the IRB to respond to the various issues raised as well as to propose ways to improve the quality of tax agents.
- **Joint Public Rulings Working Group (JPRWG)**
The Institute, in collaboration with other professional bodies, actively participated in providing comments to the IRB on draft public rulings and draft guidelines prior to their issuance. Some of the draft public rulings and guidelines which the JPRWG provided comments included computation of income tax payable by a resident individual, lump sum payments on termination of employment, real estate investment trusts (REITs) and property trust funds (PTF), unit trust funds, computation of initial and annual allowances on plant and machinery and guidelines on the taxation of e-commerce activities.
- **Indirect Tax Working Group (ITWG)**
The ITWG represented the Institute at dialogues with Government authorities on indirect tax issues faced by members. The ITWG provided comments on the draft GST guidelines issued by the RMCD and participated in dialogues with the MOF on other indirect tax matters.

- **Proposed liberalisation of the services sector**
As the Government continues to expedite the liberalisation of the services sector, the Institute participated in several dialogues with the Ministry of International Trade and Industry and the MOF and provided comments and feedback to them.
- **Joint Tax Working Group on Financial Reporting Standards (JTWG-FRS)**
The JTWG-FRS held 6 meetings in the year and draft discussion papers on the tax implications related to the implementation of FRSs 6, 111, 123 and 138 were finalised and issued to members for comments. Additional discussion papers on the tax implications related to the implementation of the other financial reporting standards issued by the Malaysian Accounting Standards Board (MASB) are in the preparation stage and will be circulated to members for comments in due course. During the year, the MASB and JTWG-FRS had dialogues with the MOF to discuss the tax implications related to the implementation of FRS 121 and FRS 139.
- **PEMUDAH Focus Group on Paying Taxes**
The Institute participated as a member of the Focus Group to discuss various proposals by PEMUDAH to consider ways to simplify tax administration by the IRB.
- **PEMANDU Laboratories on Strategic Reform Initiatives under the Economic Transformation Programme**
Several members of the Institute participated in the laboratories organised by PEMANDU to consider specific tax reforms by the Government.
- **Convergence Task Force (CTF) of the MASB**
As a member of the CTF of MASB, the Institute participated in the various dialogues organised by MASB with the objective of coordinating efforts during the transition to full convergence with the International Financing Reporting Standards.

RESEARCH COMMITTEE

The Research Committee is responsible for encouraging tax research in Malaysia via providing supplementary funding for suitable research proposals received from academicians. This is in line with the objective of bridging the knowledge gap between research and practice in the field of taxation in Malaysia.

During the year, three applications for research funding were received by the Committee which then reviewed the proposals and had discussions with the researchers to determine the relevance of the research topic to the tax profession. The Committee approved two of the research proposals as well as funding of RM5,000 for each project.

COMMITTEES

2010 / 2011

EXECUTIVE COMMITTEE

Khoo Chin Guan (Chairman)
SM Thanneermalai
Dr Veerinderjeet Singh
Lim Heng How
Lim Kah Fan
Lew Nee Fook

Total number of meetings held: 5

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

SM Thanneermalai (Chairman)
Aruljothi a/l Kanagaretnam
Dato' Liew Lee Leong @ Raymond Liew
Lew Nee Fook
Lim Thiam Kee
Christopher Low
Chuah Sze Tong
Dr Nakha Ratnam Somasundaram
Mohd Noor Abu Bakar
Safrizal bin Mohd Said
S. Saravana Kumar

Total number of meetings held: 6

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 also to maintain their professional competency.

EDITORIAL COMMITTEE

Dato' Liew Lee Leong @ Raymond Liew (Chairman)
Datuk Tan Leh Kiah, Francis
Prof. Dr Jeyapalan Kasipillai
Lai Shin Fah, David
Lew Nee Fook
Seah Siew Yun
Yeoh Poh Yew, Nancy
Aurobindo Ponniah
Lim Phaik Hoon
S. Saravana Kumar
Silverranie Muthusamy

Total number of meetings held: 4

Terms of Reference

1. To consider all matters pertaining to the editorial policies of the Institute's journal so that the technical quality of the journal continues to be enhanced and is benchmarked to journals of overseas tax institutions in countries such as Australia and the United Kingdom.
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 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.
6. To generate advertising revenue.

EDUCATION COMMITTEE

Seah Siew Yun (Chairman)
Dr Ahmad Faisal Zakaria
Assoc Prof. Faridah Ahmad
Datuk Tan Leh Kiah, Francis
Yeoh Poh Yew, Nancy
Prof. Dr Hajah Mustafa Mohd Hanefah
Assoc Prof. Dr Loo Ern Chen
Dr Lydia Shalani Thiagarajah
Safrizal Mohd Said
Venkiteswaran Sankar

Total number of meetings held: 4

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 materials to the Resource Centre of the Institute.

EXAMINATIONS COMMITTEE

Yeo Eng Hui, Adrian (Chairman)
Aruljothi Kanagaretnam
Assoc. Prof. Faridah Ahmad
Prof. Dr Jeyapalan Kasipillai
Lai Shin Fah, David
Lim Thiam Kee, Peter
Poon Yew Hoe

Total number of meetings held: 5

Terms of Reference

1. To establish and review (from time to time) the examination syllabus of the Institute's Examination 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.

DISCIPLINARY COMMITTEE

Chow Kee Kan (Chairman)
Dr Ahmad Faisal Zakaria
Lim Heng How
Lim Thiam Kee, Peter
Datuk Tan Leh Kiah, Francis

Total number of meetings held: 1

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.

MEMBERSHIP SERVICES COMMITTEE

Aruljothi Kanagaretnam (Chairman)
Yeo Eng Hui, Adrian
Dr Ahmad Faisal bin Zakaria
Dato' Liew Lee Leong @ Raymond Liew
Lew Nee Fook

Total number of meetings held: 6

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 develop and improve the processes involving the issuance of Practicing Certificates, where applicable.
8. To promote membership of the Institute.
9. To enhance services provided to members.

TECHNICAL AND PUBLIC PRACTICE COMMITTEE

Lim Kah Fan (Chairman)
Khoo Chin Guan
SM Thanneermalai
Dr Veerinderjeet Singh
Chow Kee Kan
Lai Shin Fah, David
Poon Yew Hoe
Yeo Eng Hui, Adrian
Seah Siew Yun
Yeoh Poh Yew, Nancy
Chow Chee Yen
Eng Hooi Ling, Carol
Dr Nakha Ratnam Somasundaram
Nicholas Crist
Tan Hooi Beng

Total number of meetings held: 3

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.

RESEARCH COMMITTEE

Dr Veerinderjeet Singh
Chow Kee Kan
Prof. Dr Hajjah Mustafa Mohd Hanefah
Assoc. Prof. Hajjah Faridah Hj Ahmad
Prof. Dr Jeyapalan
Dato' Liew Lee Leong @ Raymond Liew

Total number of Meetings held : 2

Terms of Reference :

1. To promote tax research in Malaysia by encouraging and providing financial assistance so as to assist in bridging the knowledge gap between research and practice in the field of taxation in Malaysia.
2. To identify issues relevant to the field of taxation that need to be researched on.
3. To establish and amend guidelines and criteria for the review and evaluation of research projects/proposals.
4. To recommend, for the approval of the Council, relevant research projects and the quantum of financial assistance to be given.
5. To monitor and evaluate the progress of the approved research project and, where necessary, recommend to the Council for appropriate action to be taken.
6. To maintain a Research Register stating the research topic, the name of the researchers, the status of the research project, date an application was received, date of approval, milestones set, date of delivery of the research report, mode of dissemination of the findings and the date(s) of disbursing the grants as well as the research progress.
7. To evaluate completed research reports and determine how the findings should be disseminated, i.e. whether via publication in the Journal of the Institute, in a seminar, etc.
8. To consider any request by researchers to publish the findings in another journal and state any conditions for granting such a request.

CALENDAR OF CPD EVENTS 2010/2011



DATE	TRAINING PROGRAMME	VENUE
JUNE 2010		
1	<i>Workshop: New Public Rulings in 2009 & 2010</i>	Ipoh
2	<i>Seminar: Tax Planning & Latest Tax Developments</i>	Kuala Lumpur
10	<i>Workshop: The Goods and Services Tax - Mechanism & Compliance</i>	Penang
16	<i>Half-day Seminar: The Imposition of Section 113 (2) Penalty & Taxpayers Acting in Good Faith</i>	Kuala Lumpur
17	<i>Workshop: The Goods and Services Tax - Mechanism & Compliance</i>	Johor Bahru
JULY 2010		
6 & 7	NATIONAL TAX CONFERENCE 2010	KUALA LUMPUR
14	<i>Workshop: The Goods and Services Tax - Mechanism & Compliance</i>	Petaling Jaya
AUGUST 2010		
9	<i>Workshop: Making the Most of Double Tax Agreements</i>	Johor Bahru
26	<i>Workshop: Essential Tax Planning for Companies in 2010</i>	Ipoh
SEPTEMBER 2010		
1	<i>Workshop: Essential Tax Planning for Companies in 2010</i>	Malacca
2	<i>Workshop: Essential Tax Planning for Companies in 2010</i>	Kota Kinabalu
3	<i>Workshop: Essential Tax Planning for Companies in 2010</i>	Kuching
22	<i>Workshop: Essential Tax Planning for Companies in 2010</i>	Penang
22	<i>Seminar: Cross Border Transaction Issue</i>	Kuala Lumpur
28	<i>Workshop: Essential Tax Planning for Companies in 2010</i>	Kuala Lumpur



CALENDAR OF CPD EVENTS 2010/2011

DATE	TRAINING PROGRAMME	VENUE
OCTOBER 2010		
1	Workshop: Minimising Withholding Tax Exposure & Maximising the Benefits of Double Taxation Agreements in Cross Border Transactions	Ipoh
4	Workshop: Essential Tax Planning for Companies in 2010	Johor Bahru
4	Evening Talk: Green Taxation and Environmental Sustainability	Kuala Lumpur
7	Workshop: Minimising Withholding Tax Exposure & Maximising the Benefits of Double Taxation Agreements in Cross Border Transactions	Malacca
9	Workshop: Essential Tax Planning for Companies in 2010 (re-run)	Kuala Lumpur
18	2011 Post-Budget Seminar	Subang Jaya
19	2011 Post-Budget Seminar	Penang
20	2011 Post-Budget Talk (with the Ministry of Finance)	Kuala Lumpur
21	2011 Post-Budget Seminar	Seremban
21	2011 Post-Budget Seminar	Kuching
23	2011 Post-Budget Seminar	Kuala Lumpur
26	2011 Post-Budget Seminar	Ipoh
27	2011 Post-Budget Seminar	Kota Kinabalu
27	2011 Post-Budget Seminar	Johor Bahru
28	2011 Post-Budget Seminar	Kuantan
28	2011 Post-Budget Seminar (in collaboration with ACCA)	Labuan
29	2011 Post-Budget Seminar	Malacca
29	2011 Post-Budget Seminar (in collaboration with ACCA)	Miri
30	2011 Post-Budget Seminar (in collaboration with ACCA)	Kota Bharu
31	2011 Post-Budget Seminar (in collaboration with ACCA)	Kuala Terengganu
NOVEMBER 2010		
1	Workshop: Analysis of Recent Tax Cases	Johor Bahru
2	2011 Post-Budget Seminar (in collaboration with ACCA)	Sibu
3	Workshop: Basic Tax Practice & Principles- Module I (in collaboration with MAICSA)	Kuala Lumpur

CALENDAR OF CPD EVENTS 2010 / 2011...(continued)

DATE	TRAINING PROGRAMME	VENUE
4	2011 Post-Budget Seminar	Kuala Lumpur
9	<i>Workshop: Analysis of Recent Tax Cases</i>	Traders
10	<i>Evening Talk: Entertainment Expenses</i>	Kuala Lumpur
11	<i>Workshop: Customs Facilities, Exemptions, Free Trade Agreements and the GST</i>	Kuala Lumpur
11	<i>Workshop: Basic Tax Practice & Principles - Module 2 (in collaboration with MAICSA)</i>	Kuala Lumpur
23	<i>Workshop: Analysis of Recent Tax Cases</i>	Kota Kinabalu
23	<i>Workshop: Basic Tax Practice & Principles - Module 3 (in collaboration with MAICSA)</i>	Kuala Lumpur
25	<i>Workshop: Analysis of Recent Tax Cases</i>	Kuching
29	<i>Workshop: Analysis of Recent Tax Cases</i>	Ipoh
29	<i>Evening Talk: Deductibility of Miscellaneous Borrowing Costs</i>	Kuala Lumpur
30	<i>Workshop: Minimising Withholding Tax Exposure & Maximising the Benefits of Double Taxation Agreements in Cross Border Transactions</i>	Penang
DECEMBER 2010		
1	<i>Workshop: Analysis of Recent Tax Cases</i>	Malacca
3	<i>Workshop: Basic Tax Practice & Principles - Module 4 (in collaboration with MAICSA)</i>	Kuala Lumpur
13	<i>Workshop: Year End Tax Planning</i>	Kuala Lumpur
14	<i>Workshop: Basic Tax Practice & Principles - Module 5 (in collaboration with MAICSA)</i>	Kuala Lumpur
16	<i>Workshop: Customs Facilities, Exemptions, Free Trade Agreements and the GST</i>	Petaling Jaya
16	<i>Workshop: Minimising Withholding Tax Exposure & Maximising the Benefits of Double Taxation Agreements in Cross Border Transactions</i>	Johor Bahru
17	<i>Workshop: Basic Tax Practice & Principles - Module 6 (in collaboration with MAICSA)</i>	Kuala Lumpur
JANUARY 2011		
4	<i>Workshop: Submission of Return Forms B or BE 2010</i>	Kuala Lumpur
7	<i>Workshop: Corporate Tax Issues for YA 2011</i>	Ipoh
11	<i>Workshop: Submission of Return Forms B or BE 2010</i>	Ipoh
11	<i>Workshop: Tax Planning on Individual's Income from Employment and Investments</i>	Kuala Lumpur
12	<i>Workshop: Tax Planning for Mergers and Acquisitions</i>	Kuala Lumpur
14	<i>Workshop: Corporate Tax Issues for YA 2011</i>	Kota Kinabalu

DATE	TRAINING PROGRAMME	VENUE
17	<i>Workshop: Tax Planning for Mergers and Acquisitions</i>	Penang
17	<i>Workshop: Tax Planning on Individual's Income from Employment and Investments</i>	Johor Bahru
18	<i>Workshop: Submission of Return Forms B or BE 2010</i>	Malacca
18	<i>Seminar: Early Planning for the Year</i>	Kuala Lumpur
25	<i>Seminar: Maximising Tax Incentives – A Practical Perspective</i>	Kuala Lumpur
27	<i>Workshop: Corporate Tax Issues for YA 2011</i>	Johor Bahru
28	<i>Workshop: Corporate Tax Issues for YA 2011</i>	Penang
FEBRUARY 2011		
16	<i>Workshop: Corporate Tax Issues for YA 2011</i>	Malacca
17	<i>Workshop: Submission of Return Forms B or BE 2010</i>	Penang
17	<i>Workshop: Tax Planning on Individual's Income from Employment and Investments</i>	Ipoh
18	<i>Workshop: Corporate Tax Issues for YA 2011</i>	Kuala Lumpur
18	<i>Workshop: Tax Planning for Mergers and Acquisitions</i>	Johor Bahru
22	<i>Workshop: Submission of Return Forms B or BE 2010</i>	Petaling Jaya
23	<i>Workshop: Corporate Tax Issues for YA 2011</i>	Kuala Lumpur
25	<i>Seminar: Treatment of Benefits-In-Kind (BIK) & Latest Developments on Schedular Tax Deductions (STD) System</i>	Kuala Lumpur
MARCH 2011		
1	<i>Workshop: Tax Planning on Individual's Income from Employment and Investments</i>	Penang
2	<i>Workshop: Submission of Return Forms B or BE 2010</i>	Johor Bahru
4	<i>Workshop: Corporate Tax Issues for YA 2011</i>	Kuching
8	<i>Workshop: Submission of Return Forms B or BE 2010</i>	Kota Kinabalu
9	<i>Workshop: Submission of Return Forms B or BE 2010</i>	Kuching
14	<i>Workshop: Tax Planning on Individual's Income from Employment and Investments</i>	Malacca
14	<i>Workshop: Mastering International and Offshore Tax Planning Strategies</i>	Johor Bahru
21	<i>Workshop: Mastering International and Offshore Tax Planning Strategies</i>	Penang
22	<i>Workshop: New Public Rulings in 2009/2010</i>	Ipoh
22	<i>Workshop: Practical Issues on Stamp Duty</i>	Kuala Lumpur
23	<i>Workshop: Stamp Duty Relief (Exemption) Under Section 15 & 15A</i>	Kuala Lumpur
24	<i>Workshop: New Public Rulings in 2009/2010</i>	Kota Kinabalu
25	<i>Workshop: New Public Rulings in 2009/2010</i>	Kuching
30	<i>Seminar: Updates on the Case Law Developments</i>	Kuala Lumpur

CALENDAR OF CPD EVENTS 2010 / 2011... (continued)

DATE	TRAINING PROGRAMME	VENUE
APRIL 2011		
5	<i>Workshop: Tax Planning on Individual's Income from Employment and Investments</i>	Kuching
6	<i>Workshop: Tax Planning on Individual's Income from Employment and Investments</i>	Kota Kinabalu
6	<i>Workshop: New Public Rulings in 2009/2010</i>	Johor Bahru
7	<i>Workshop: Recent Tax Cases 2010/2011</i>	Penang
12	<i>Workshop: Transfer Pricing and International Tax Planning</i>	Kuala Lumpur
13	<i>Workshop: New Public Rulings in 2009/2010</i>	Malacca
18	<i>Workshop: Recent Tax Cases 2010/2011</i>	Kota Kinabalu
20	<i>Seminar: Interest Restrictions, Deductibility of Financing Costs & Withholding Tax</i>	Kuala Lumpur
20	<i>Workshop: Recent Tax Cases 2010/2011</i>	Kuching
25	<i>Workshop: Recent Tax Cases 2010/2011</i>	Ipoh
26	<i>Workshop: New Public Rulings in 2009/2010</i>	Kuala Lumpur
29	<i>Workshop: Recent Tax Cases 2010/2011</i>	Malacca
MAY 2011		
4	<i>Workshop: Implementation of Single Tier Tax System</i>	Malacca
9	<i>Workshop: New Public Rulings in 2009/2010</i>	Kuala Lumpur
13	<i>Workshop: New Public Rulings in 2009/2010</i>	Penang
16	<i>Workshop: Recent Tax Cases 2010/2011</i>	Johor Bahru
18	<i>Workshop: Entertainment & Promotional Activities, Deductibility of Bad Debts</i>	Kuala Lumpur
19	<i>Workshop: Implementation of Single Tier Tax System</i>	Malacca
20	<i>Workshop: Recent Tax Cases 2010/2011</i>	Kuala Lumpur
24	<i>Workshop: Implementation of Single Tier Tax System</i>	Ipoh
26	<i>Workshop: Prevent Taxes From Eating Into Your Investments</i>	Kuala Lumpur
31	<i>Seminar: Managing & Understanding Financial Reporting Standards (FRS) – Unravelling the Tax Issues</i>	Kuala Lumpur



HIGHLIGHTS 2010

CHARTERED TAX INSTITUTE OF MALAYSIA





A pair of glasses and a pen resting on a document. The glasses are on the left, and the pen is on the right. The document has some text on it, but it is mostly out of focus.

REPORTS AND FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2010

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- 24. REPORT OF THE COUNCIL
- 26. STATEMENT BY COUNCIL MEMBERS
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- 28. INDEPENDENT AUDITORS' REPORT TO THE MEMBERS
- 30. STATEMENT OF FINANCIAL POSITION
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- 34. STATEMENT OF CASH FLOWS
- 35. NOTES TO THE FINANCIAL STATEMENTS

COUNCIL MEMBERS' REPORT

The Council members hereby present their report together with the audited financial statements of the Institute for the financial year ended 31 December 2010.

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 financial year.

FINANCIAL RESULTS

Surplus for the financial year RM1500,965

In the opinion of the Council members, the results of the operations of the Institute for the financial 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 financial 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 current financial year.

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

COUNCIL MEMBERS

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

Khoo Chin Guan	
S M Thanneermalai	
Dr. Veerinderjeet Singh	
Lim Heng How	
Lim Kah Fan	
Lew Nee Fook @ Liu Nee Choong	
Dr. Ahmad Faisal bin Zakaria	
Aruljothi A/L Kanagaretnam	
Chow Kee Kan	
Assoc. Prof. Faridah binti Ahmad	
Prof. Dr. Jeyapalan A/L Kasipillai	
Dato' Liew Lee Leong @ Raymond Liew	
Lai Shin Fah @ David Lai	
Lim Thiam Kee, Peter	
Poon Yew Hoe	
Yeo Eng Hui, Adrian	
Datuk Tan Leh Kiah, Francis	(retired on 12.6.2010, re-appointed on 12.6.2010)
Seah Siew Yun	(retired on 12.6.2010, re-appointed on 12.6.2010)
Yeoh Poh Yew, Nancy	(appointed on 12.6.2010)
Harpal Singh Dhillon	(retired on 12.6.2010)
Mokhtar bin Mahmud	(retired on 12.6.2010)
Neoh Chin Wah	(retired on 12.6.2010)
Safrizal Mohd Said	(retired on 12.6.2010)

In accordance with Article 59 of the Institute's Articles of Association, Dr. Veerinderjeet Singh, Prof. Dr. Jeyapalan A/L Kasipillai, Lim Heng How and Lew Nee Fook @ Liu Nee Choong retire at the forthcoming Annual General Meeting.

In accordance with Article 58(A) of the Institute's Articles of Association, Datuk Tan Leh Kiah, Francis, Seah Siew Yun and Yeoh Poh Yew, Nancy retire at the forthcoming Annual General Meeting.

Interests of Council Members

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

BENEFITS OF COUNCIL MEMBERS

Neither during nor at the end of the financial 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.

Since the end of the previous financial 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 company in which the Council member has a substantial financial interest.

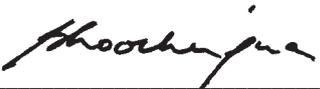
OTHER STATUTORY INFORMATION

- (a) The Council members, before the statement of comprehensive income and statement of financial position of the Institute were made out, 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.
- (b) The Council members are not aware of any circumstances, at the date of this report, which would render:
- (i) the amount written off for bad debts or the allowance for doubtful debts inadequate to any substantial extent;
 - (ii) the values attributed to the current assets in the financial statements of the Institute misleading;
 - (iii) any amount stated in the financial statements misleading; and
 - (iv) adherence to the existing method of valuation of assets or liabilities of the Institute misleading or inappropriate.
- (c) 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 financial 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.
- (d) 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 financial 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 financial year.

AUDITORS

The auditors, Morison Anuarul Azizan Chew, have expressed their willingness to accept reappointment.

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



KHOO CHIN GUAN



S M THANNEERMALAI

KUALA LUMPUR
21 April 2011

STATEMENT BY COUNCIL MEMBERS

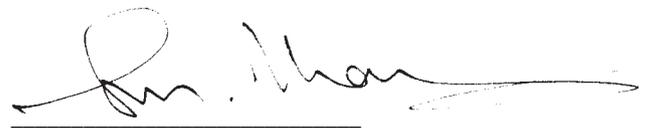
Pursuant to Section 169(15) of the Companies Act, 1965

We, KHOO CHIN GUAN and S M THANNEERMALAI 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 9 to 31 are drawn up in accordance with the Financial Reporting Standards in Malaysia and the provisions of the Companies Act, 1965 so as to give a true and fair view of the state of affairs of the Institute as at 31 December 2010 and of its results and the cash flows of the Institute for the financial year ended on that date.

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



KHOO CHIN GUAN



S M THANNEERMALAI

KUALA LUMPUR
21 April 2011

STATUTORY DECLARATION

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

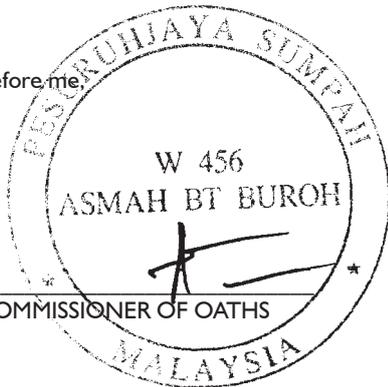
I, VONG OI FONG, being the Executive Director primarily responsible for the financial management of CHARTERED TAX INSTITUTE OF MALAYSIA, do solemnly and sincerely declare that the financial statements set out on pages 9 to 31 are to the best of my knowledge and belief, correct and I make this solemn 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 abovenamed VONG OI FONG at Kuala Lumpur in the Federal Territory this 21 April 2011.



VONG OI FONG

Before me,



COMMISSIONER OF OATHS

11, Jalan Sentul,
50100 Kuala Lumpur.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS

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 2010 of the Institute, and the statement of comprehensive income, statement of changes in fund and statement of cash flow of the Institute for the financial year then ended, and a summary of significant accounting policies and other explanatory notes, as set out on pages 9 to 31.

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 the Financial Reporting Standards in Malaysia and the Companies Act, 1965 in Malaysia, and 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 the auditors' 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, the auditors 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 opinion.

Opinion

In our opinion, the financial statements are properly drawn up in accordance with the Financial Reporting Standards in Malaysia and the provisions of Companies Act, 1965 in Malaysia so as to give a true and fair view of the financial position of the Institute as at 31 December 2010 and of its financial performance and cash flows for the financial year then ended.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

In accordance with the requirements of the Companies Act, 1965 in Malaysia, we also report 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



CHONG KEE HONG
Approved Number: 2146/09/12 (J)
Partner of Firm

KUALA LUMPUR
21 April 2011

STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2010

	Note	2010 RM	2009 RM
Non-current Asset			
Property, plant and equipment	3	1,041,962	1,052,475
Current Assets			
Other receivables	4	176,701	108,019
Fixed deposits with licensed banks	5	2,691,925	2,204,395
Cash and bank balances		625,107	531,204
		<u>3,493,733</u>	<u>2,843,618</u>
Current Liabilities			
Other payables	6	626,139	562,798
Term loan	7	2,928	3,510
Tax payable		46,104	20,699
		<u>675,171</u>	<u>587,007</u>
Net current assets		<u>2,818,562</u>	<u>2,256,611</u>
		<u>3,860,524</u>	<u>3,309,086</u>
Financed by:			
ACCUMULATED FUND			
Balance brought forward		3,207,635	2,721,332
Surplus for the financial year		500,965	486,303
Balance carried forward		<u>3,708,600</u>	<u>3,207,635</u>
Non-Current Liabilities			
Term loan	7	91,704	93,381
Deferred tax liabilities	8	60,220	8,070
		<u>151,924</u>	<u>101,451</u>
		<u>3,860,524</u>	<u>3,309,086</u>

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

STATEMENT OF COMPREHENSIVE INCOME

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2010

	Note	2010 RM	2009 RM
Income			
Courses and seminars		1,568,873	1,188,213
Examinations		51,712	29,048
Interest on fixed deposits		70,655	40,449
Members' annual subscription		582,446	595,266
Members' entrance fees		24,795	19,400
National tax conference		497,747	457,414
Publications		108,224	66,789
Students' annual subscription		74,531	63,510
Students' exemption fee		11,880	15,610
Students' registration fee		8,346	13,000
Sundry income		7,060	2,044
		3,006,269	2,490,743
Expenditure			
Accounting fee		16,960	8,400
Annual general meeting expenses		29,134	26,287
Audit fee		4,500	4,500
Bad debts written off		22,429	-
Bank charges		3,165	1,166
Courses and seminar expenses		1,077,071	823,451
Depreciation of property, plant and equipment		62,429	52,251
Equipment rental		11,616	10,788
Examinations		39,718	35,523
Filing fee		150	346
International relations		14,837	4,998
Medical expenses		4,052	3,298
Newspaper and periodicals		5,110	3,587
Meeting expenses		5,867	13,006
Miscellaneous expenses		250	4,862
Postage and courier		37,212	34,838
Printing and stationery		30,486	25,935
Professional fees		6,906	9,667
Balance carried forward		1,371,892	1,062,903

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

STATEMENT OF COMPREHENSIVE INCOME

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2010...(continued)

	Note	2010 RM	2009 RM
Expenditure			
Balance carried forward		1,371,892	1,062,903
Promotion and publicity		8,600	29,940
Publications		128,600	95,271
Quit rent and assessment		8,640	8,640
Service charges and sinking fund		11,975	10,740
Staff costs			
- Employees Provident Fund and SOCSO		88,150	75,507
- staff remuneration		674,253	602,809
- staff welfare		7,265	8,673
- staff recruitment expenses		3,213	2,628
- staff insurance		3,270	-
Telephone expenses		19,843	19,893
Term loan interest		6,046	6,210
Travelling		14,452	15,197
Upkeep of office		10,887	13,359
Upkeep of office equipment		12,782	15,116
Website and e-mails		3,320	7,620
Water and electricity		17,567	15,953
		2,390,755	1,990,459
Surplus for the financial year before taxation		615,514	500,284
Taxation	9	(114,549)	(13,981)
SURPLUS FOR THE FINANCIAL YEAR AFTER TAXATION		500,965	486,303

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

STATEMENT OF CHANGES IN FUND

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2010

	Accumulated Fund RM
At 1 January 2009	2,721,332
Surplus for the financial year	486,303
<hr/> At 31 December 2009	<hr/> 3,207,635
At 1 January 2010	3,207,635
Surplus for the financial year	500,965
<hr/> At 31 December 2010	<hr/> 3,708,600

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

STATEMENT OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2010

	Note	2010 RM	2009 RM
Cash Flow From Operating Activities			
Surplus for the financial year before taxation		615,514	500,284
Adjustments for :			
Bad debt written off		22,429	-
Depreciation of property, plant and equipment		62,429	52,251
Interest income		(70,655)	(40,449)
Operating surplus before working capital changes		629,717	512,086
Decrease/(Increase) in working capital			
Other receivables		(91,111)	139,422
Other payables		63,341	65,164
		(27,770)	204,586
Cash generated from operations		601,947	716,672
Tax paid		(36,994)	(36,400)
Net cash from operating activities		564,953	680,272
Cash Flow From Investing Activities			
Purchase of property, plant and equipment		(51,916)	(79,919)
Interest received		70,655	40,449
Net cash from/(used in) investing activities		18,739	(39,470)
Cash Flow From Financing Activity			
Repayment of term loan		(2,259)	(5,078)
Net cash used in financing activity		(2,259)	(5,078)
Net increase in cash and cash equivalents		581,433	635,724
Cash and cash equivalents at beginning of the financial year		2,735,599	2,099,875
Cash and cash equivalents at end of the financial year		3,317,032	2,735,599
Cash and cash equivalents at end of the financial year comprises:			
Fixed deposits with licensed banks		2,691,925	2,204,395
Cash and bank balances		625,107	531,204
		3,317,032	2,735,599

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 accounting

The financial statements of the Institute have been prepared under the historical cost convention unless otherwise indicated in the accounting policies below and in compliance with the provisions of the Companies Act, 1965 and the Financial Reporting Standards in Malaysia.

During the financial year, the Institute has adopted the following applicable new Financial Reporting Standards (“FRSs”), revised FRSs, Issues Committee (“IC”) Interpretations and amendments to FRSs issued by the Malaysian Accounting Standards Board which are mandatory and will be effective for financial periods as stated below:

		Effective date for financial periods beginning on or after
FRS 7	Financial Instruments: Disclosures	1 January 2010
FRS 101	Presentation of Financial Statements (revised)	1 January 2010
FRS 123	Borrowing Costs (revised)	1 January 2010
FRS 139	Financial Instruments: Recognition and Measurement (revised)	1 January 2010
Amendments to FRS 132	Financial Instruments: Presentation	1 January 2010
IC Interpretation 10	Interim Financial Reporting and Impairment	1 January 2010
Amendments to FRS 139: Financial Instruments: Recognition and Measurement, FRS 7: Financial Instruments - Disclosures and IC Interpretation 9: Reassessment of Embedded Derivatives		1 January 2010
Amendments to FRSs contained in the document entitled “Improvements to FRSs (2009)”		1 January 2010

The Council members of the Institute anticipate that the application of the above revised FRSs, IC Interpretations, amendments to FRSs and IC Interpretations do not have any significant impact on the financial statements of the Institute except as disclosed in Note 13 to the financial statements.

The Council members of the Institute anticipate that the application of the following new Financial Reporting Standards (“FRSs”), revised FRSs, Issues Committee (“IC”) Interpretations, amendments to FRSs and IC Interpretations which are mandatory and will be effective for financial periods as stated below will have no material impact on the financial statements of the Institute:

2. Basis of Preparation and Significant Accounting Policies...(continued)

		<u>Effective date for financial periods beginning on or after</u>
Amendments to FRS 132	Financial Instruments: Presentation - paragraphs 11,16 and 97E	1 March 2010
FRS 1	First-time Adoption of Financial Reporting Standards (revised)	1 July 2010
FRS 3	Business Combinations (revised)	1 July 2010
FRS 127	Consolidated and Separate Financial Statements (revised)	1 July 2010
Amendments to FRS 2	Share-based Payment	1 July 2010
Amendments to FRS 5	Non-current Assets Held for Sale and Discontinued Operations	1 July 2010
Amendments to FRS 138	Intangible Assets	1 July 2010
IC Interpretation 12	Service Concession Arrangements	1 July 2010
IC Interpretation 16	Hedges of a Net Investment in a Foreign Operation	1 July 2010
IC Interpretation 17	Distributions of Non-cash Assets to Owners	1 July 2010
Amendments to IC Interpretation 9	Reassessment of Embedded Derivatives	1 July 2010
Amendments to FRS 1	Limited Exemption from Comparative FRS 7 Disclosures for First-time Adopters	1 January 2011
Amendments to FRS 7	Improving Disclosures about Financial Instruments	1 January 2011
IC Interpretation 4	Determining Whether an Arrangement contains a Lease	1 January 2011
IC Interpretation 18	Transfers of Assets from Customers	1 January 2011
Amendments to FRSs	contained in the document entitled "Improvements to FRSs (2010)"	1 January 2011
IC Interpretation 19	Extinguishing Financial Liabilities with Equity Instruments	1 July 2011
Amendments to IC Interpretation 14	Prepayments of a Minimum Funding Requirement	1 July 2011
IC Interpretation 15	Agreements for the Construction of Real Estate	1 January 2012
FRS 124	Related Party Disclosures (revised)	1 January 2012

2. Basis of Preparation and Significant Accounting Policies...(continued)

(b) Functional and presentation currency

These financial statements are presented in Ringgit Malaysia (RM), which is the Institute's functional currency.

(c) 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 financial 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 5 to 10 years as stated in Note 2(d). 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 2010 are stated in Note 3 to the financial statements.

(d) 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(e).

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	2%
Office equipment	10%
Furniture and fittings	10%
Computer equipment	40%
Renovation	10%

The depreciable amount is determined after deducting the residual value.

Depreciation methods, useful lives and residual values are reassessed at each financial year end.

Gain or losses on disposals are determined by comparing net disposal proceeds with carrying amount and are included in profit/(loss) from operations.

(e) Impairment of non-financial assets

The carrying amounts of assets are reviewed at each reporting date to determine whether there is any indication of impairment.

If any such indication exists then the asset's recoverable amount is estimated. The recoverable amount is estimated at each reporting date or more frequently when indications of impairment are identified.

An impairment loss is recognised if the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount unless the asset is carried at a revalued amount, in which case the impairment loss is recognised directly against any revaluation surplus for the asset to the extent that the impairment loss does not exceed the amount in the revaluation surplus for that same asset. A cash-generating unit is the smallest identifiable asset group that generates cash flows that largely are independent from other assets and groups. Impairment losses are recognised in the statement of comprehensive income in the period in which it arises. Impairment losses recognised in respect of cash-generating units are allocated first to reduce the carrying amount of any goodwill allocated to the units (groups of units) and then to reduce the carrying amount of the other assets in the unit (groups of units) on a pro rata basis.

2. Basis of Preparation and Significant Accounting Policies...(continued)

(e) Impairment of non-financial assets...(continued)

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.

An impairment loss for an asset other than goodwill is reversed if, and only if, there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. The carrying amount of an asset other than goodwill is increased to its revised recoverable amount, provided that this amount does not exceed the carrying amount that would have been determined (net of amortisation or depreciation) had no impairment loss been recognised for the asset in prior years. A reversal of impairment loss for an asset other than goodwill is recognised in statement of comprehensive income, unless the asset is carried at revalued amount, in which case, such reversal is treated as a revaluation increase.

(f) Financial assets

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

The Institute classifies its financial assets in the following categories: financial assets at fair value through profit or loss, loans and receivables, held-to-maturity investments and available-for-sale financial assets. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of its financial assets at initial recognition and re-evaluates this at every reporting date except for financial assets at fair value through profit or loss.

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are unquoted in an active market. They arise when the Institute provides money, goods or services directly to a debtor with no intention of trading the receivable.

Loans and receivables in the statement of financial position consist of other receivables and fixed deposits. These are classified as current assets, except for those having maturity dates later than 12 months after the reporting date which are classified as non-current assets.

Subsequent to initial recognition, loans and receivables are carried at amortised cost using the effective interest method. Gains and losses are recognised in statement of comprehensive income when the loans and receivables are derecognised or impaired, and through the amortisation process.

(g) Impairment of financial assets

A financial asset is considered to be impaired if objective evidence indicates that one or more events have had a negative effect on the estimated future cash flows of that asset. For an equity instrument, a significant or prolonged decline in fair value below its cost is also considered objective evidence of impairment.

An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount, and the present value of the estimated future cash flows discounted at the original effective interest rate.

Individually significant financial assets are tested for impairment on an individual basis. The remaining financial assets are assessed collectively in groups that share similar credit risk characteristics.

All impairment losses are recognised in statement of comprehensive income.

An impairment loss is reversed if the reversal can be related objectively to an event occurring after the impairment loss was recognised. For financial assets measured at amortised costs, the reversal is recognised in statement of comprehensive income.

(h) Financial liabilities

Short-term borrowings, trade and other payables are classified as financial liabilities in the statement of financial position as there is a contractual obligation to make cash payments to another entity and is contractually obliged to settle the liabilities in cash.

2. Basis of Preparation and Significant Accounting Policies...(continued)

(h) Financial liabilities...(continued)

Financial liabilities are initially recognised at fair value plus transaction costs, and are subsequently measured at amortised cost using the effective interest method, except when the Institute designates the liabilities at fair value through profit or loss. Financial liabilities are designated at fair value through profit or loss when:

- (i) they are acquired or incurred for the purpose of selling or repurchasing in the near term;
- (ii) the designation eliminates or significantly reduces measurement or recognition inconsistencies that would otherwise arise from measuring financial liabilities or recognising gains or losses on them; or
- (iii) the financial liability contains an embedded derivative that would need to be separately recorded.

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires.

(i) Revenue recognition

All income is recognised on an accrual basis.

(j) Income taxes

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

(k) 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.

3. Property, Plant and Equipment

	Freehold property RM	Office equipment RM	Furniture and fittings RM	Computer equipment RM	Renovation RM	Work-in progress RM	Total RM
Cost							
At 1.1.2010	969,750	81,152	98,080	133,653	41,063	31,960	1,355,658
Addition	-	8,133	1,376	30,757	-	11,650	51,916
Reclassification	-	-	-	4,000	-	(4,000)	-
At 31.12.2010	969,750	89,285	99,456	168,410	41,063	39,610	1,407,574
Accumulated depreciation							
At 1.1.2010	79,196	50,081	45,980	108,758	19,168	-	303,183
Charge for the financial year	19,395	8,457	9,848	20,623	4,106	-	62,429
At 31.12.2010	98,591	58,538	55,828	129,381	23,274	-	365,612
Carrying amount							
At 31.12.2010	871,159	30,747	43,628	39,029	17,789	39,610	1,041,962
Cost							
At 1.1.2009	969,750	80,205	84,140	100,581	41,063	-	1,275,739
Addition	-	947	13,940	33,072	-	31,960	79,919
At 31.12.2009	969,750	81,152	98,080	133,653	41,063	31,960	1,355,658
Accumulated depreciation							
At 1.1.2009	59,801	42,026	36,452	97,591	15,062	-	250,932
Charge for the financial year	19,395	8,055	9,528	11,167	4,106	-	52,251
At 31.12.2009	79,196	50,081	45,980	108,758	19,168	-	303,183
Carrying amount							
At 31.12.2009	890,554	31,071	52,100	24,895	21,895	31,960	1,052,475

- (a) The freehold property of the Institute with a carrying amount of RM871,159 (2009: RM890,554) has been pledged to a licensed bank to secure banking facilities granted to the Institute as stated in Note 7 to the financial statements.
- (b) Work-in-progress of RM39,610 (2009: RM31,960) represents the cost of developing an integrated management system. The remaining of purchase consideration is disclosed in Note 12 to the financial statements.

4. Other Receivables

	2010	2009
	RM	RM
Other receivables	164,533	98,961
Sundry deposits	8,843	5,246
Prepayment	3,325	3,812
	<u>176,701</u>	<u>108,019</u>

5. Fixed Deposits

	2010	2009
	RM	RM
Deposits placed with licensed banks	2,691,925	2,204,395

The effective interest rate of deposits at the statement of financial position date ranged from 2.75% to 3.48% (2009: 1.75% to 2.50%) per annum.

6. Other Payables

	2010	2009
	RM	RM
Other payables	487,345	457,117
Accruals	138,794	105,681
	<u>626,139</u>	<u>562,798</u>

Included in other payables, is an amount of RM342,937 (2009: RM332,595) due to the Inland Revenue Board being its share of profit from the National Tax Conference.

7. Term Loan

	2010	2009
	RM	RM
Secured		
Term loan	94,632	96,891
Analysed as:		
Repayable within twelve months	2,928	3,510
Repayable after twelve months	91,704	93,381
	<u>94,632</u>	<u>96,891</u>
Maturity of the term loan is as follows:		
Within one year	2,928	3,510
Between one and two years	6,478	7,676
Between two and five years	7,404	8,644
More than five years	77,822	77,061
	<u>94,632</u>	<u>96,891</u>

The above credit facility obtained from a licensed bank is secured by a legal charge over the freehold property of the Institute.

Interest is charged at rates between 6.45% and 6.70% (2009: 5.95%) per annum.

8. Deferred Tax Liabilities

	2010 RM	2009 RM
At 1 January	8,070	9,322
Recognised in statement of comprehensive income	52,150	(1,252)
At 31 December	60,220	8,070

Deferred tax liabilities on taxable temporary differences recognised in the financial statements are as follows:-

	Accelerated capital allowance RM
At 1 January 2010	8,070
Recognised in statement of comprehensive income	7,959
Under provision in previous year	44,191
At 31 December 2010	60,220
At 1 January 2009	9,322
Recognised in statement of comprehensive income	(1,252)
At 31 December 2009	8,070

9. Taxation

	2010 RM	2009 RM
Tax expense:		
Current tax provision	66,711	41,300
Over provision in prior year	(4,312)	(26,067)
	62,399	15,233
Deferred tax expense:		
Under provision in prior years	44,191	203
Relating to origination and reversal of temporary differences	7,959	(1,455)
	114,549	13,981

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:-

	2010 RM	2009 RM
Surplus before taxation	615,514	500,284
Tax at statutory tax rate of :		
- 21.33% (2009: 14.32%) on the first RM250,000 (2009: RM100,000)	53,325	14,325
- 26% (2009: 27%) on the balance of chargeable income	95,034	108,077
Non-taxable surplus from members	(93,354)	(91,528)
Expenses not deductible for tax purposes	19,665	8,971
Under provision of deferred taxation in respect of prior years	44,191	203
Over provision of taxation in respect of prior year	(4,312)	(26,067)
Tax expense for the financial year	114,549	13,981

10. 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 5years.

	2010	2009
	RM	RM
Within one year	11,616	10,788
Between one and two years	11,616	2,697
Between two and five years	24,200	-
	<u>47,432</u>	<u>13,485</u>

11. Key Management Personnel Remuneration

Key management personnel remuneration during the year are as follows:-

	2010	2009
	RM	RM
Key management personnel remuneration		
- salaries, bonus and other emoluments	501,514	429,688
- Employees Provident Fund and SOCSO	60,377	43,265
	<u>561,891</u>	<u>472,953</u>

12. Capital Commitments

	2010	2009
	RM	RM
Capital expenditure in respect of property, plant and equipment contracted but not provided for	6,990	18,640

13. Effects on Adoption of New and Revised FRSs

The effects on adoption of the following applicable new and revised FRSs in financial year 2010 are set out below:

(a) FRS 7: Financial Instruments: Disclosures

This new standard requires disclosures in financial statements that enable users to evaluate the significance of financial instruments for the entity's financial position and performance, and the nature and extent of risks arising from financial instruments to which an entity is exposed and how these risks are managed. This standard requires both qualitative disclosures describing management's objectives, policies and processes for managing those risks, and quantitative disclosures providing information about the extent to which an entity is exposed to risk, based on information provided internally to the entity's key management personnel.

The Institute has applied FRS 7 prospectively in accordance with the transitional provisions. Hence, the new disclosures have not been applied to the comparatives.

(b) FRS 139: Financial Instruments: Recognition and Measurement (revised)

This standard establishes the principles for the recognition, derecognition and measurement of an entity's financial instruments and for hedge accounting.

(c) FRS 101: Presentation of Financial Statements (revised)

The standard requires an entity to present, in a statement of changes in fund, all owner changes in fund. All non-owner changes in fund (i.e. comprehensive income) are required to be presented in one statement of comprehensive income or in two statements (a separate income statement and a statement of comprehensive income). Components of comprehensive income are not permitted to be presented in the statement of changes in fund. In addition, a statement of financial position is required at the beginning of the earliest comparative period following a change in accounting policy, the correction of an error or the reclassification of items in the financial statements. FRS 101 does not have any impact on the Institute's financial position or results.

The revised FRS 101 was adopted retrospectively by the Institute.

14. Financial Instruments

(a) Financial risk management objectives and policies

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 interest rate risk, credit risk, liquidity and cash flow risk. The Institute operates within clearly defined guidelines that are approved by the Council and the Institute's policy is not to engage in speculative transactions.

(b) Interest rate risk

The Institute's income and operating cash flows are substantially independent of changes in market interest rates. Interest rate exposure arises from the Institute's borrowings and deposits. The Institute manages such exposure by maintaining a prudent mix of fixed and floating rate banking facilities.

Exposure to interest rate risk

The interest rate profile of the Institute's significant interest-bearing financial instruments, based on carrying amounts as at the end of the reporting period was:-

	2010 RM	2009 RM
Floating rate instruments		
Term loan	94,632	96,891

Interest rate risk sensitivity analysis

A change of 50 basis points ("bp") in interest rates at the end of the reporting period would not have impact to the accumulated fund nor profit net of tax of the Institute.

(c) Credit risk

Exposure to credit risk

The Institute's exposure to credit risk arises mainly from receivables. Receivables are monitored on an ongoing basis via management reporting procedure and action is taken to recover debts when due.

Credit risk concentration profile

At reporting date, there was no significant concentration of credit risk. The maximum exposure to credit risk for the Institute is the carrying amount of the financial assets shown in the statement of financial position.

The Institute determines concentrations of credit risk by monitoring the ageing and significant balances of its trade receivables on an ongoing basis.

(d) Liquidity and cash flow risk

The Institute maintains a certain level of cash and cash convertible investments to meet its working capital requirements.

Maturity analysis

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 repayment obligations.

	On demand or within one year RM	Within two to five years RM	More than five years RM	Total RM
Other payables	626,139	-	-	626,139
Term loan	2,928	13,882	77,822	94,632
Total undiscounted financial liabilities	629,067	13,882	77,822	720,771

14. Financial Instruments...(continued)

(e) Fair values

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

The aggregate fair value of long term bank borrowing carried on the statement of financial position approximates its carrying value as it is floating rate and re-price to market interest rate for liabilities with similar risk profile. The Institute does not anticipate the carrying amounts recorded at the reporting date to be significantly different from the values that would eventually be settled.

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 lower gearing ratio. The Institute includes within total debt, borrowings and other payables.

	2010 RM	2009 RM
Other payables	626,139	562,798
Borrowings	94,632	96,891
Total debt	720,771	659,689
Accumulated fund	3,708,600	3,207,635
Gearing ratio	19%	21%

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

16. Comparative Information

The financial statements of the previous financial year which are presented for comparative purposes were examined and reported on by another firm of auditors.

Certain comparative figures have been reclassified where necessary to conform with the current year's presentation.

	As previously stated RM	Reclassification RM	As restated RM
Statement of Financial Position			
<i>Current Assets</i>			
Other receivables	80,515	27,504	108,019
Cash and bank balances	558,708	(27,504)	531,204
<i>Current Liabilities</i>			
Term loan	(15,829)	12,319	(3,510)
<i>Non-Current Liabilities</i>			
Term loan	(81,062)	(12,319)	(93,381)
Statement of Cash Flows			
<i>Decrease/(Increase) in working capital</i>			
Other receivables	166,926	(27,504)	139,422
Net increase in cash and cash equivalents	663,228	(27,504)	635,724

17. Date of Authorisation for Issue

The financial statements of the Institute for the financial year ended 31 December 2010 were authorised for issue in accordance with a resolution of the Council Members on 21 April 2011.



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