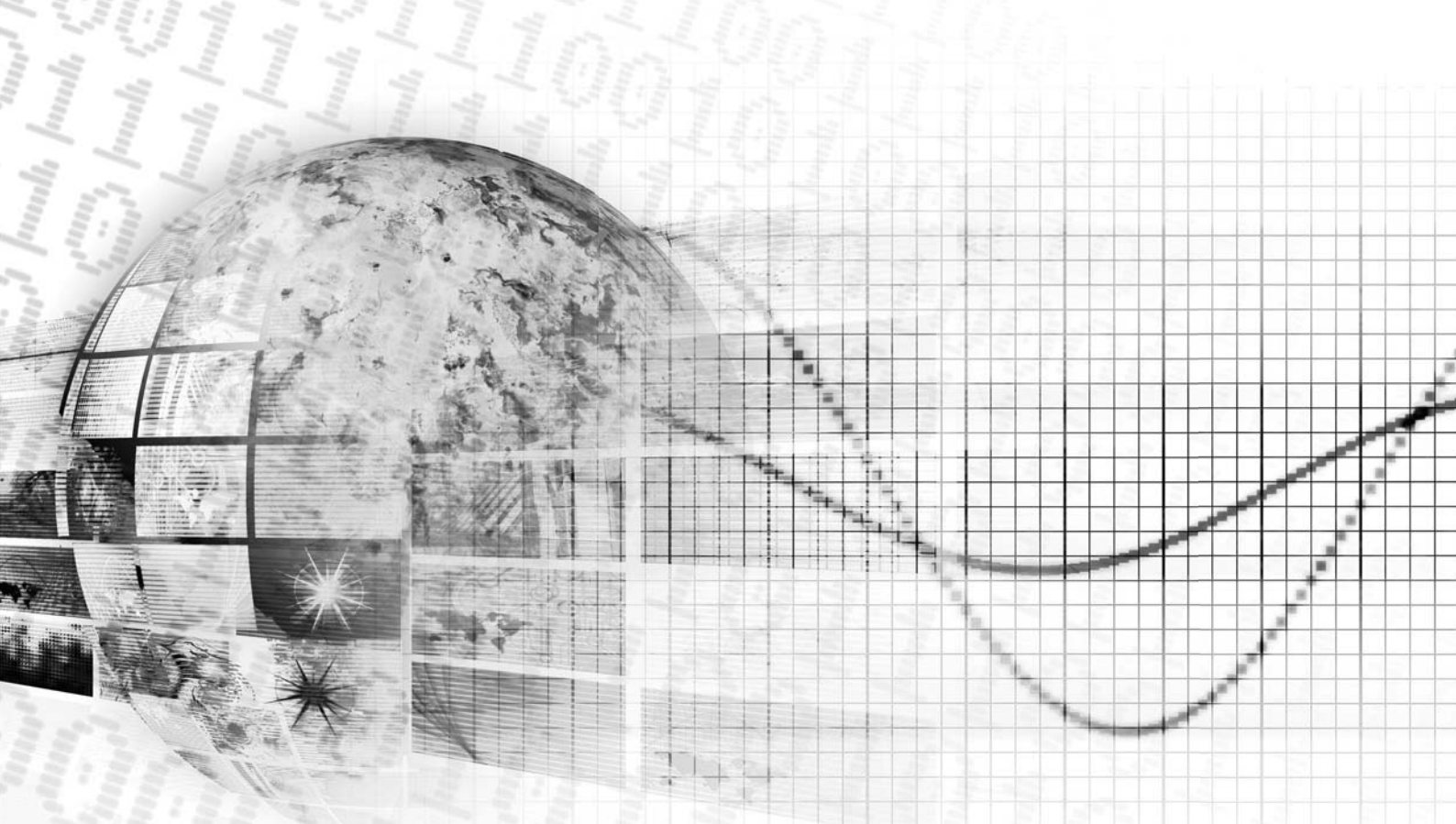




Annual Report  
*2011*



# CONTENT

Notice of Annual General Meeting	2
Mission Statement	3
The Council 2011 / 2012	4 - 5
Branch Offices / Secretariat	6
President's Statement	7
Council Reports for 2011 / 2012	8 - 10
Membership Profile	11
Committees 2011 / 2012	12 - 14
Calendar of CPD Events 2011 / 2012	15 - 19
Pictorial Highlights	20 - 22
Financial Statements	23 - 46

# NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN THAT the Twentieth Annual General Meeting of the Chartered Tax Institute of Malaysia (“the Institute”) will be held on Saturday, 16 June 2012 at 9.30 a.m. at the Ballroom, Seri Pacific Hotel Kuala Lumpur, Jalan Putra, P.O.Box 11468, 50746 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 2011 and the Report of the Auditors thereon.
3. To elect four (4) Council Members for the 2012/2013 term.

Ahmad Faisal bin Zakaria and Aruljothi A/L Kanagaretnam 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, Faridah binti Ahmad retire and does not seek re-election.

3(b) Pursuant to Article 59, Thanneermalai A/L SP SM Somasundaram retire and being eligible offers himself for re-election.

3(c) Pursuant to Article 57(ii) and the nominations received, the following persons have offered themselves for election as new members of the Council:-

- (i) Jeyapalan A/L Kasipillai
- (ii) Ong Chong Chee
- (iii) Phan Wai Kuan

4. To re-appoint 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 duly given to the Institute.

By Order of the Council

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

23 May 2012

## NOTES

- |   |  |
|---|--|
| <p>(a) A Member may appoint a proxy who shall either be an Associate Member or Fellow Member of the Institute.</p> <p>(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 2012 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.</p> | <p>(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.</p> |
|---|--|



A stylized world map in light gray, centered on the Pacific Ocean. The map is overlaid with a series of thin, curved, concentric lines that sweep across the globe, creating a sense of motion and global connectivity. The lines are more densely packed in some areas, particularly around the equator and the Pacific basin.

## **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 2011 / 2012

## 2011/2012 Attendance Report

### PRESIDENT

Thanneermalai A/L SP SM Somasundaram ..... **5**

### DEPUTY PRESIDENT

Lim Kah Fan ..... **4**

### COUNCIL MEMBERS

Khoo Chin Guan ..... **2**

Lew Nee Fook @ Liu Nee Choong @ ..... **5**

Dr Ahmad Faisal bin Zakaria ..... **2**

Aruljothi A/L Kanagaretnam ..... **5**

Chow Kee Kan @ Chow Tuck Kwan ..... **3**

Associate Professor Faridah binti Ahmad ..... **1**

Dato' Liew Lee Leong ..... **5**

Lai Shin Fah @ David Lai ..... **5**

Lim Thiam Kee ..... **2**

Yeo Eng Hui ..... **4**

Poon Yew Hoe ..... **5**

Datuk Tan Leh Kiah \* ..... **4**

Seah Siew Yun \* ..... **5**

K. Sandra Segaran A/L Karupiah \* ..... **4**

No of meetings: 5

@ Re-elected on 11 June 2011

\* Elected on 11 June 2011

## THE COUNCIL 2011 / 2012 ...(Continued)



### Front row (from left)

Datuk Tan Leh Kiah, Aruljothi A/L Kanagaretnam, Chow Kee Kan @ Chow Tuck Kwan,  
Thanneermalai A/L SP SM Somasundaram, Khoo Chin Guan, Lim Kah Fan, Dato' Liew Lee Leong,  
Associate Professor Faridah binti Ahmad

### Back row (from left)

Lim Thiam Kee, Poon Yew Hoe, Lew Nee Fook @ Liu Nee Choong, K. Sandra Segaran A/L Karuppiah,  
Lai Shin Fah @ David Lai, Dr Ahmad Faisal bin Zakaria, Seah Siew Yun



Yeo Eng Hui  
(Not in group photo)

## 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: Wee Hock Seng  
Address: HS Wee & Co  
No. 12, Jalan GP 1  
Taman Gadong Perdana  
75200 Melaka

### Southern Branch

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

### Northern Branch

Chairman: Andrew Ewe Keang Teong  
Address: McMillan Andrew Mathew Sdn Bhd  
Unit 41-5-1, 5th Floor, Wisma Prudential  
41 Jalan Cantonment  
10250 Pulau Tikus, Pulau Pinang

### Perak Branch

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

### Sarawak Branch

Chairman: Regina Lau  
Address: KPMG Tax Services Sdn Bhd  
Level 6, Westmoore House, Twin Tower Centre  
Rock Road, 93200 Kuching  
Sarawak

### Sabah Branch

Chairman: Alexandra FL Chin  
Address: P. O Box 11867  
88820 Kota Kinabalu  
Sabah

## SECRETARIAT

### Executive Director

P Thomas Simon

### CPD

Nursalmi Haslina Mohd Rusli  
Siti Fadeah Senen  
Jason Babu Kasinathan  
Yusfariza Noor Rashid

### Education, Examinations & Editorial

Nancy Kaaur  
Prasena Devi

### Operations and Membership

Hemalatha Renganathan  
Joey Tan Lay Koon  
Khalijah Maasap  
Jaslina Murni Abdul Razak

### Technical

Lim Kok Seng  
Lim Gim Kim  
Noor Syahidatul Nadia Bidres  
Yamuna Supperamaniam

### Auditors

Messrs Morison Anuarul Azizan Chew

### Registered Office and Address

Chartered Tax Institute of Malaysia (225750-T)  
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](http://www.ctim.org.my)

# PRESIDENT'S STATEMENT

My dear fellow members,

It is a privilege and a pleasure to get this chance to communicate with you. Yes, indeed, a year has whizzed by since I took over, and first stood at the helm of our premier taxation body; it has been a year of challenges, a year of commitment to improvement, and it has been a year of positive steps along the road of major changes and events.

Many of you have played a significant role in making the beneficial changes that have taken place, and for that I'm very grateful. I wish to record my heartfelt thanks and gratitude to my team - to my Deputy, to all the Council Members, to the Branch Chairpersons, and to the Executive Director and to all the staff of the Chartered Tax Institute of Malaysia. You have made it possible for CTIM to create more meaningful collaborative alliances with the other important players in the field of direct and indirect taxation, particularly, the Inland Revenue Board (IRBM), and the Ministry of Finance (MOF).

Allow me to take you through the various challenges and accomplishments, as I report on the year that has been.

- CTIM's finances are in a healthy state; we recorded a surplus, derived mainly from the strong support by members and the public, and the efficient organisation of the National Tax Conference, held on 19 and 20 July 2011. This has allowed us to allocate some funds towards the acquisition of new premises for the Institute. Many of you may remember that, last year, it was reported that a Task Force had been formed to identify a new building for the Institute. Now I get to provide you with an update - we have acquired, at a reasonable price, an adjacent office lot that became available recently. To add icing to the cake, no borrowings were required for this transaction.

- Throughout the year, thanks to the members' dialogues at the various locations, members have gained a greater insight and understanding of what CTIM has been, and is, doing for them. I have been encouraged by the rapport generated at these dialogues.

- The CPD department has been kept very active with its latest new idea, the IRB-CTIM Roadshow – a series of events that traversed the length and breadth of the nation providing an opportunity for you members, and public alike, to hear from the tax authorities, and be heard by them. The events confirm the close collaboration between the two parties for their mutual benefit. It was also an exercise in relationship building, beneficial to all parties.

The Technical and Public Practice department and the various committees and working groups therein, have not only produced much helpful information to keep the members abreast of technical updates, but have also been very instrumental in consolidating the information and substantive data that is crucial for the licensing of the tax professional issue - more precisely – fighting the threat related to impending changes in the licensing process. This on-going challenge demands tenacity of purpose and focused dedication.

- In connection with this, the issue of the Practising Certificate has been finalised and is being issued to eligible members.

- In addition, much precious time and concerted effort had been directed towards addressing issues such as (a) the postponement of imposition of (new rates of) penalty on late filing of returns, (b) the recommendation to the Companies Commission of Malaysia (CCM) on the taxation aspects of the Limited Liability Partnerships - that an option be made available i.e., to be treated as a partnership or as a body corporate, (c) the review of the stamp duty provisions upon the request of the IRB – recommended that the current instrument-based system of taxation be retained with minor changes, as

opposed to introducing a new transaction-based stamp duty regime, (d) feedback and comments to the Malaysian Accounting Standards Board (MASB) on the tax impact of specific proposed FRSs, and (e) the approach that should be adopted, by the Royal Malaysian Customs Department (RMCD), in licensing our members to provide goods and service tax (GST) services to their clients in the future, when GST is introduced, as well as feedback on RMCD's draft GST guides. Without a doubt, CTIM has had an impactful presence in these areas, and I am confident that IRBM, MOF, CCM, MASB and RMCD are listening to our views. CTIM has also been present at The Special Task Force to Facilitate Business (PEMUDAH - Pasukan Petugas Khas Pemudahcara Perniagaan) meetings to contribute its thoughts on various issues.

- The Education Committee has made great strides in terms of strengthening the strategic alliances with other institutes of higher learning for the provision of courses relating to the professional examination. CTIM will conduct its examinations twice a year. In addition, two examinations are proposed each year in respect of the collaboration with CPA Australia.

- The Malaysian Tax Research Foundation (MTRF), set up on 7 June 2011, is expected to play a key role in the tax arena. CTIM has applied for exemption under Section 44(6) of the Income Tax Act, 1967, and is awaiting a response to the request for a grant for this.

- The efforts made by the Membership Department to increase its membership strength have brought (slow but encouraging) definite results. To date the membership stands at 2948.

Whilst a lot has been done so far, I cannot emphasise how important it is to be vigilant to issues that come up. Some amendments to the legislation may, and have in fact, suddenly thrown up some interesting (or horrendous) issues, eg CP 58 issues. Clarification is urgently needed to see the light in the astonishing initial legislation which caught anything in tax that looked like money, or a substitute-for-money, changing hands. We will keep you informed of progress on this very important matter.

You will notice that sometimes, as a result of the many challenging issues that arise, there appears to be a healthy tension in the system, but one built on mutual respect. Please be assured that many issues need a balanced and considered debate. Without doubt, we are doing our best for you, our members (and students). Members, you need to be confident that my responsibility is to you.

With the changing rules and legislation of our wonderful tax system, attending regular update courses is essential. I am sending out a challenge to all members of the profession – to continue earnestly to take full advantage of the CPD events organised for your benefit.

In addition, I would especially like to draw your attention to the fact that we welcome comments from you, good and bad, and your valued input to ensure we stay ahead in providing you the support that you need.

All that remains is to thank you once again, and wish you a productive and fulfilling year ahead.

**Thanneermalai A/L SP SM Somasundaram**  
President  
Chartered Tax Institute of Malaysia



# COUNCIL REPORTS FOR 2011 / 2012

## CONTINUING PROFESSIONAL DEVELOPMENT (CPD) COMMITTEE

CTIM organised numerous CPD events throughout the country during the year. The National Tax Conference, jointly organised by CTIM and IRBM was held on 19 & 20 July 2011 at the Kuala Lumpur Convention Centre with the theme “Economic Transformation: Role of Taxation”. Organised around the core issue of the role taxation plays in the strategy to transform Malaysia into a high-income economy by 2020, the two-day conference saw attendance of an estimated 2,500 delegates, a 25% increase over the previous year.

The 2012 Post-Budget Seminars were organised in most cities and towns. The IRB-CTIM Roadshow was held successfully across the major towns namely Kuala Lumpur, Johor Bahru, Penang, Kota Kinabalu and Kuching. The roadshow, which was jointly organised by CTIM and Inland Revenue Board of Malaysia (IRBM), was aimed at bringing tax filing and tax payment knowledge to the public to enhance tax compliance.

## EDITORIAL COMMITTEE

The Editorial Committee is responsible for the publication and release of the official journal of the Chartered Tax Institute of Malaysia.

The members of the Editorial Committee strive to continue providing better technical articles in taxation, which is in line with the Institute's vision of becoming the premier technical body in the field of taxation.

The Editorial Committee is committed to an ongoing effort in improving the contents of the national 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 Editorial 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. For the 2011/2012 term, the Committee embarked on active programmes to promote the CTIM qualification to institutions of higher learning and various large accounting firms. Career talks were held at several local universities, institutions of higher learning and large accounting firms.

The Education Committee also undertook activities such as visiting several local universities and institutes of higher learning with the view of promoting CTIM's examinations and creating awareness in Taxation as a career option to graduates.

## EXAMINATION COMMITTEE

The professional examinations were successfully held from 19 to 23 December 2011 at centers in Georgetown, Ipoh, Kota Bharu, Kuala Lumpur, Malacca, Johor Bahru, Kota Kinabalu and Kuching.

In 2011, the Institute registered 110 new students. A total of 223 candidates registered for the December 2011 examinations. The examination results were released to students on 28th February 2012. The Committee would like to report that 13 students graduated this year.

The examination was conducted satisfactorily and the performance of students has shown an improvement compared to previous years. The performance of the students in the examinations was satisfactory and there had been an improvement in some of the papers compared to previous years.

The committee has also started the process of conducting the examinations twice a year beginning June 2012.

## MEMBERSHIP SERVICES COMMITTEE

The Institute has admitted 175 new members since the last AGM. This brings the total membership as at 31 March 2012 to 2,898 members comprising 671 Fellow members, 2226 Associate members and 1 Provisional member.

The Committee also took steps to update the membership register. The issuance of Practising Certificates and the implementation of a 50% reduction on the annual fee for members who have reached the age of 65, were made effective from 1 January 2012.

# COUNCIL REPORTS FOR 2011 / 2012...(Continued)

## TECHNICAL COMMITTEE

The Technical Committee has been very actively involved in various activities throughout the year. With the increase in participation in many dialogues with the Government authorities, the Committee has set up various working groups/task forces to look into specific areas/tax issues that have arisen so as to provide meaningful response to the relevant authorities in a timely manner. Following the division of responsibilities, one of the working groups, the Public Practice Working Group, has evolved into a separate Committee, the Public Practice Committee, and approved by the Council in December 2011. Consequently the Technical and Public Practice Committee has now been renamed as the Technical Committee (TC).

The following is a brief description of the key activities held during the year:-

- Submission of 2012 Budget Issues

The Institute has responded promptly to the critical Budget issues. A Memorandum on Key Issues of 2012 Budget was submitted to the Ministry of Finance (MOF) on Nov 2011 focusing only on the key issues. This has increased the effectiveness and efficiency of our response.

The Institute, together with Malaysian Institute of Accountants (MIA) and Malaysian Institute of Certified Public Accountants (MICPA), also submitted a Joint Memorandum on Post 2012 Budget Issues to the MOF and the Inland Revenue Board (IRB) in February 2012 and a dialogue was held with the MOF and IRB to discuss the technical and operational issues in April 2012.

- Dialogue with the Ministry of Finance (MOF)

The Institute participated in several dialogues with the MOF to provide input on various tax matters such as proposed changes to RPGT, autonomous liberalisation of taxation services, etc.

Apart from that, the Institute has submitted to the MOF the Review for the Improvement on Individual Taxation in January 2012 and also the Memorandum on the Regulation of Tax Profession in Malaysia on 15 January 2012.

- Interactions with the Inland Revenue Board

The introduction of the new penalty rate for late filing of tax returns had caught tax agents/taxpayers by surprise. The Institute promptly arranged for a dialogue with the Director General of the IRB on the matter. The Director General was kind enough to defer the implementation of the new penalty regime to apply to submission made after 30 September 2011, and will still consider the appeal on new penalty imposed, on a case by case basis.

CTIM was requested to provide feedback on a draft Code of Ethics (Revised) prepared by the IRB. CTIM prepared the Joint Memorandum with MICPA and MAICSA and submitted the Joint Memorandum to IRB on the 6 September 2011.

CTIM also compiled issues related to Section 83A disclosure and Form CP58 and submitted them to the IRB on 27 March 2012 and a urgent dialogue was called by the IRB on 2 April 2012 to discuss the issues.

- Review of the Stamp Act 1949

The IRB invited CTIM to provide input for the revamp of the Stamp Act 1949. CTIM set up a Stamp Duty Task Force together with Malaysian Institute of Certified Public Accountants (MICPA) to study and make recommendations for changes to the Stamp Act 1949. A proposal was submitted to the IRB in January 2012.

- Joint Tax Working Group on Financial Reporting Standards (JTWG-FRS)

Throughout the year, the JTWG-FRS together with MASB, had a few dialogues with the MOF to discuss the tax implications related to the implementation of FRS 116, FRS 5, FRS 123, and FRS140 and strongly requested for the guidelines to be issued soonest possible.

The JTWG-FRS also discussed at its recent meeting in April 2012 the tax implications related to FRSIC Consensus 17, FRS 4, and the adoption of IC 13. In addition, the meeting was held to finalise the revised write-ups on the tax implications related to the adoption of IC 12, FRS 119, FRS 117 and FRS 136.

- Dialogue with Tax Review Panel

The Institute paid a courtesy visit to the Chairperson of the Tax Review Panel (TRP) in early August 2011. It has held a series of discussions with the TRP and the Royal Malaysian Customs (RMC) on various GST issues, including the framework of GST licensing, GST Training Seminar Programme and GST Readiness of Businesses, etc.

- Interaction with the Royal Malaysian Customs (RMC)

The President and some Council members met the Director General of Customs and Excise and his senior officers on 3 October 2011. The Institute suggested that CTIM be invited to provide comment and feedback on any proposed changes in tax legislation administered by Customs. The RMC officers were also invited to join the Institute and to share their knowledge in our journal, The Tax Guardian.

The Institute continued its participation in the Customs-Private Sector Consultative Panel. The Institute also approached Customs Appeal Tribunal to seek more comprehensive collaboration. CTIM has also participated in a series of dialogues relating to Service Tax, such as the implementation of the new Service Tax rate, treatment on Free Zones and the outsourcing of employees / human resource management Industry, etc. It also submitted to the RMC comments on MOF Directive on Service Tax Treatment on Free Zone in December 2011.

- Dialogue with Suruhanjaya Syarikat Malaysia (SSM)

CTIM was consulted on the tax issues related to the proposed Limited Liability Partnership in Malaysia. A study was made and proposals were submitted in September 2011. Subsequently, a meeting was held to discuss the issues further and a second report on anti-avoidance was submitted in November 2011.

- Joint Public Rulings Working Group (JPRWG)

During the year, the JPRWG, comprising representatives from CTIM, MIA, MICPA and MICCI submitted comments on the draft Addendum to Public Ruling No.2/2001 - Computation of Initial Allowance and Annual Allowance for Plant & Machinery in July 2011.

## COUNCIL REPORTS FOR 2011 / 2012 ...(Continued)

- **Convergence Task Force (CTF) of the MASB**  
The Institute attended 3 meetings organised by the Malaysian Accounting Standards Board (MASB) – Convergence Task Force (MASB-CTF) to keep abreast with the latest development of the Malaysian Financial Reporting Standards (MFRS) and International Financial Reporting Standards (IFRS) framework.
- **e-CTIM**  
The Institute issued 77 e-CTIMs in 2011 of which 55 related to technical. In the first quarter of 2012, 44 e-CTIMs were issued of which 35 related to technical.

### **PUBLIC PRACTICE COMMITTEE (PPC)**

With the increase in the responsibilities placed on the tax agents, the Council felt that the time is ripe to evolve into a full-fledged PPC to focus on the development of tax practice and provide assistance to members accordingly. In December 2011, the Council decided to restructure TPPC into TC and PPC.

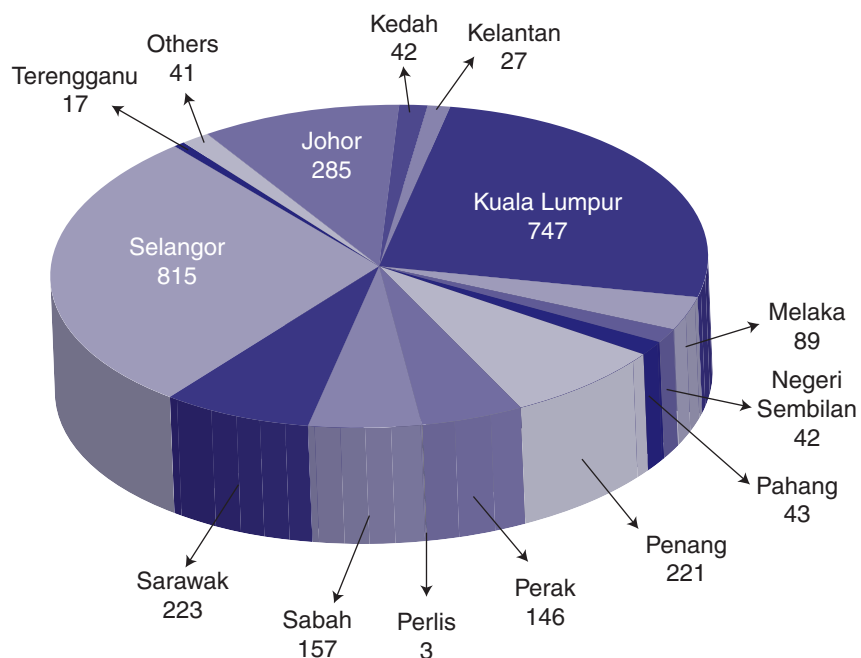
- **Rules & Regulations (on Professional Conduct & Ethics)**  
The Council approved the revised Rules and Regulations on Professional Conduct and Ethics in February 2012.

### **RESEARCH COMMITTEE**

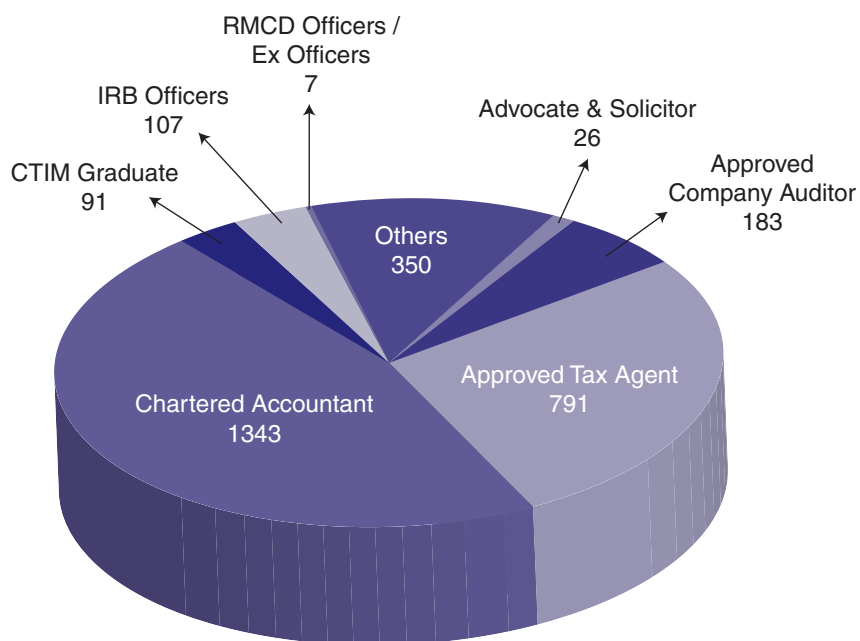
The Committee has sent out fresh invitations to researchers and academic staff to apply for the research grant. Two research grants have been given to 2 academicians and the Report for one research project is currently under review.

# Membership Profile

## By States



## By Field of Employment



As at 31 March 2012 : 2898 members



# COMMITTEES 2011 / 2012

## EXECUTIVE COMMITTEE

Thanneermalai A/L SP SM Somasundaram (Chairman)  
Lim Kah Fan  
Khoo Chin Guan  
Dr Ahmad Faisal bin Zakaria  
Lew Nee Fook @ Liu Nee Choong

Total number of meetings held: 4

### *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

Lim Kah Fan (Chairman)  
Aruljothi A/L Kanagaretnam  
Dato' Liew Lee Leong  
Associate Professor Faridah binti Ahmad  
Lew Nee Fook @ Liu Nee Choong  
Lim Thiam Kee  
Christopher Low  
Chuah Sze Tong  
Dr Nakha Ratnam Somasundaram  
Mohd Noor Abu Bakar  
Safrizal Mohd Said  
S Saravana Kumar

Total number of meetings held: 5

### *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 workshops programmes to enhance the skills and knowledge of members and tax professionals towards maintaining their professional competency.

## EDITORIAL COMMITTEE

Dato' Liew Lee Leong (Chairman)  
Thanneermalai A/L SP SM Somasundaram  
Aruljothi A/L Kanegaretnam  
Datuk Tan Leh Kiah  
Dr Jeyapalan A/L Kassipillai  
K Sandra Segaran A/L Karupiah  
Lai Shin Fah @ David Lai  
Dr Nakha Ratnam Somasundaram  
Lim Phaik Hoon  
M. Silverranie  
S Saravana Kumar

Total number of meetings held: 5

### *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 reputable tax journals.
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)  
Datuk Tan Leh Kiah  
Professor Dr Hajah Mustafa Mohd Hanefah  
Dr Lydia Shalani Thiagarajah  
Associate Professor Faridah binti Ahmad  
Associate Professor Dr Loo Ern Chen  
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 material for the Resource Centre of the Institute.

## EXAMINATIONS COMMITTEE

Yeo Eng Hui (Chairman)  
Associate Professor Faridah binti Ahmad  
Lai Shin Fah @ David Lai  
Lim Thiam Kee  
Dr Jeyapalan A/L Kasipillai

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 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 the 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.

## MEMBERSHIP SERVICES COMMITTEE

Aruljothi A/L Kanagaretnam (Chairman)  
Dato' Liew Lee Leong  
Dr Ahmad Faisal bin Zakaria  
Lew Nee Fook @ Liu Nee Choong  
Yeo Eng Hui  
K. Sandra Segaran A/L Karuppiah

Total number of meetings held: 5

### *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 Practising Certificates, where applicable.
8. To promote membership of the Institute.
9. To enhance services provided to members.

## DISCIPLINARY COMMITTEE

Chow Kee Kan (Chairman)  
Khoo Chin Guan  
Lim Thiam Kee  
Poon Yew Hoe  
Datuk Tan Leh Kiah

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

Poon Yew Hoe (Chairman)  
Thanneermalai A/L SP SM Somasundaram  
Lim Kah Fan  
Lew Nee Fook @ Liu Nee Choong  
Chow Kee Kan  
Lai Shin Fah @ David Lai  
K. Sandra Segaran A/L Karuppiah  
Seah Siew Yun  
Beh Tok Koay  
Koh Siok Kiat  
Nicholas Crist  
S Saravana Kumar  
Dr Veerinderjeet Singh  
Yeoh Poh Yew

Total number of meetings held: 2

### *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 2011 / 2012 ...(continued)

## PUBLIC PRACTICE COMMITTEE

Chow Kee Kan (Chairman)  
Lew Nee Fook @ Liu Nee Choong  
Yeo Eng Hui  
Aruljothi A/L Kanagarethnam  
Lim Thiam Kee  
Wong Yok Chin

Total number of meetings held: 1

### *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 work closely with the Disciplinary Committee, by recommending a code of best practices for members, with a view to assisting them in dealing with professional as well as ethical issues faced in their practice.

## RESEARCH COMMITTEE

K. Sandra Segaran A/L Karuppiah (Chairman)  
Yeo Eng Hui  
Dr. Ahmad Faisal Bin Zakaria  
Siva Subramaniam Nair

Total number of meetings held: 1

### *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 the 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 2011/2012



Date	Training Programme	Venue
<b>JUNE 2011</b>		
1	Workshop: Implementation of Single Tier Tax System	Kuala Lumpur
9	Workshop: Implementation of Single Tier Tax System	Johor Bahru
15	Workshop: Implementation of Single Tier Tax System	Kota Kinabalu
16	Workshop: Implementation of Single Tier Tax System	Kuching
21	Workshop: Maximising Tax Incentives	Kuala Lumpur
23	Workshop: Implementation of Single Tier Tax System	Penang
<b>JULY 2011</b>		
7	Workshop: Maximising Tax Incentives	Kuching
19 & 20	2011 National Tax Conference	Kuala Lumpur
<b>AUGUST 2011</b>		
3	Workshop: Maximising Tax Incentives	Penang
9	Workshop: Principles & Application of Deferred Taxation	Kuala Lumpur
11	Workshop: Maximising Tax Incentives	Ipoh
17	Workshop: Maximising Tax Incentives	Malacca
23	Workshop: Maximising Tax Incentives	Johor Bahru
<b>SEPTEMBER 2011</b>		
7	Workshop: New Public Rulings 2011	Kota Kinabalu
8	Workshop: New Public Rulings 2011	Kuching
12	Workshop: New Public Rulings 2011	Johor Bahru
14	Workshop: New Public Rulings 2011	Malacca
19	Workshop: Interest Expense, Interest Restriction & Withholding Tax	Kuala Lumpur
22	Workshop: New Public Rulings 2011	Kuala Lumpur
29	Workshop: New Public Rulings 2011	Penang



# CALENDAR OF CPD EVENTS

## 2011/2012

...(Continued)



Date	Training Programme	Venue
<b>OCTOBER 2011</b>		
4	Workshop: New Public Rulings 2011	Ipoh
6	Workshop: New Public Rulings 2011 (re-run)	Kuala Lumpur
15	2012 Budget Seminar	Kuala Lumpur
17	2012 Budget Talk	Kuala Lumpur
19	2012 Budget Seminar	Johor Bahru
20	2012 Budget Seminar	Penang
21	2012 Budget Seminar (in collaboration with ACCA)	Kuantan
22	2012 Budget Seminar	Subang
24	2012 Budget Seminar	Ipoh
25	2012 Budget Seminar	Malacca
27	2012 Budget Seminar	Kuching
28	2012 Budget Seminar	Kota Kinabalu
<b>NOVEMBER 2011</b>		
8	Workshop: Practical Issues on Stamp Duty	Subang
8	2012 Budget Seminar (in collaboration with ACCA)	Kota Bharu
9	Workshop: Stamp Duty Relief Under Section 15 & 15 A	Subang
9	2012 Budget Seminar (in collaboration with ACCA)	Kuala Terengganu
9	2012 Budget Seminar (in collaboration with ACCA)	Sibu
10	Workshop: Maximising Capital Expenditure	Kuala Lumpur
10	Workshop: Recent Tax Cases - Successes & Surprises in Court	Penang
10	2012 Budget Seminar (in collaboration with ACCA)	Miri
11	2012 Budget Seminar (in collaboration with ACCA)	Labuan
14	Workshop: Tax Practice & Principles - Workshop 2 (In collaboration with MAICSA)	Bangunan MAICSA
15	2012 Budget Seminar	Kuala Lumpur
17	Workshop: Tax Practice & Principles - Workshop 1 (In collaboration with MAICSA)	Bangunan MAICSA
21	Workshop: Tax Practice & Principles - Workshop 3 (In collaboration with MAICSA)	Bangunan MAICSA
22	Workshop: Recent Tax Cases - Successes & Surprises in Court	Kota Kinabalu
23	Workshop: Tax Practice & Principles - Workshop 4 (In collaboration with MAICSA)	Bangunan MAICSA
24	Workshop: Recent Tax Cases - Successes & Surprises in Court	Kuching
29	Workshop: Maximising Capital Expenditure	Ipoh
29	Workshop: Recent Tax Cases - Successes & Surprises in Court	Kuala Lumpur



# CALENDAR OF CPD EVENTS

## 2011/2012

...(Continued)

Date	Training Programme	Venue
<b>DECEMBER 2011</b>		
5	Workshop: Taxation Issues for SMEs	Kuala Lumpur
6	Workshop: Recent Tax Cases - Successes & Surprises in Court	Johor Bahru
6	Workshop: Tax Practice & Principles - Workshop 5 (In collaboration with MAICSA)	Bangunan MAICSA
8	Workshop: Tax Practice & Principles - Workshop 6 (In collaboration with MAICSA)	Bangunan MAICSA
12	Workshop: Recent Tax Cases - Successes & Surprises in Court	Malacca
16	Workshop: Maximising Capital Expenditure	Penang
20	Workshop: Maximising Capital Expenditure	Kota Kinabalu
21	Workshop: Maximising Capital Expenditure	Kuching
<b>JANUARY 2012</b>		
4	Workshop: Tax Audit & Investigation: Implications of 2012 Budget Proposals	Kuala Lumpur
5	Workshop: Recent Tax Cases: Successes & Surprises in Court (postponed from 14 Dec 2012)	Ipoh
9-10	Workshop: Tax Deductible Expenses - Latest Developments & Practical Issues	Johor Bahru
10	Workshop: Tax Planning on Individual's Income from Employment & Statutory Requirements by Employers	Kuala Lumpur
11	Workshop: Tax Audit & Investigation: Implications of 2012 Budget Proposals	Kota Kinabalu
11 - 12	Workshop: Tax Deductible Expenses - Latest Developments & Practical Issues	Kuala Lumpur
12	Workshop: Tax Audit & Investigation: Implications of 2012 Budget Proposals	Kuching
16	Workshop: Tax Audit & Investigation: Implications of 2012 Budget Proposals	Kota Bharu
17	Workshop: Tax Audit & Investigation: Implications of 2012 Budget Proposals	Malacca
18	Workshop: Tax Audit & Investigation: Implications of 2012 Budget Proposals	Ipoh
<b>FEBRUARY 2012</b>		
9	Workshop: Tax Audit & Investigation: Implications of 2012 Budget Proposals	Johor Bahru
13	Workshop: Tax Audit & Investigation: Implications of 2012 Budget Proposals	Penang
13	Workshop: Tax Planning on Individual's Income from Employment & Statutory Requirements by Employers	Ipoh
13 - 14	Workshop: Tax Deductible Expenses - Latest Developments & Practical Issues	Kuching
15	Workshop: Individual Tax Planning (in collaboration with MAICSA)	Kuala Lumpur
16	Workshop: Tax Planning on Individual's Income from Employment & Statutory Requirements by Employers	Malacca
20	Workshop: Tax Audits & Investigations	Kuantan
21	Workshop: Tax Planning on Individual's Income from Employment & Statutory Requirements by Employers	Johor Bahru

# CALENDAR OF CPD EVENTS

## 2011/2012

...(Continued)



Date	Training Programme	Venue
<b>FEBRUARY 2012</b>		
21 - 22	Workshop: Tax Deductible Expenses - Latest Developments & Practical Issues	Kota Kinabalu
27	IRB-CTIM Roadshow: Enhancing Tax Compliance: Avoiding Common Mistakes & Improving Efficiency	Kuala Lumpur
28	Workshop: Tax Planning on Individual's Income from Employment & Statutory Requirements by Employers	Penang
<b>MARCH 2012</b>		
1-2	Workshop: Tax Deductible Expenses - Latest Developments & Practical Issues	Ipoh
5	IRB-CTIM Roadshow: Enhancing Tax Compliance: Avoiding Common Mistakes & Improving Efficiency	Johor Bahru
6	Workshop: Tax Planning on Individual's Income from Employment & Statutory Requirements by Employers	Kota Kinabalu
7	Workshop: Tax Planning on Individuals' Income from Employment & Statutory Requirements by Employers	Kuching
7-8	Workshop: Tax Deductible Expenses - Latest Developments & Practical Issues	Penang
19	IRB-CTIM Roadshow: Enhancing Tax Compliance: Avoiding Common Mistakes & Improving Efficiency	Penang
22	Workshop: Minimising the Exposure of Withholding Tax & Effectiveness of Double Taxation Agreements in Cross Border Transactions	Kuala Lumpur
26	IRB-CTIM Roadshow: Enhancing Tax Compliance: Avoiding Common Mistakes & Improving Efficiency	Kota Kinabalu
27	IRB-CTIM Roadshow: Enhancing Tax Compliance: Avoiding Common Mistakes & Improving Efficiency	Kuching
27 - 28	Workshop: Tax Deductible Expenses - Latest Developments & Practical Issues	Malacca
29	Workshop: Making the Most of Double Tax Agreements	Kuala Lumpur



# CALENDAR OF CPD EVENTS

## 2011/2012

...(Continued)

Date	Training Programme	Venue
<b>APRIL 2012</b>		
2	Workshop: Minimising the Exposure of Withholding Tax & Effectiveness of Double Taxation Agreements in Cross Border Transactions	Ipoh
10	Workshop: Minimising the Exposure of Withholding Tax & Effectiveness of Double Taxation Agreements in Cross Border Transactions	Malacca
10	Workshop: Analysing Tax Cases from the Commonwealth Courts in the Context of Malaysian Tax Practice	Kuala Lumpur
12	Workshop: Analysing Tax Cases from the Commonwealth Courts in the Context of Malaysian Tax Practice	Ipoh
17	Workshop: Reinvestment Allowance & Industrial Building Allowance	Kuala Lumpur
18	Workshop: Tax Planning for Companies (in collaboration with MAICSA)	Kuala Lumpur
18	Workshop: Minimising the Exposure of Withholding Tax & Effectiveness of Double Taxation Agreements in Cross Border Transactions	Johor Bahru
19	Workshop: Analysing Tax Cases from the Commonwealth Courts in the Context of Malaysian Tax Practice	Malacca
25	Workshop: Minimising the Exposure of Withholding Tax & Effectiveness of Double Taxation Agreements in Cross Border Transactions	Penang
<b>MAY 2012</b>		
3	Workshop: Analysing Tax Cases from the Commonwealth Courts in the Context of Malaysian Tax Practice	Penang
8	Workshop: Minimising the Exposure of Withholding Tax & Effectiveness of Double Taxation Agreements in Cross Border Transactions	Kota Kinabalu
9	Workshop: Minimising the Exposure of Withholding Tax & Effectiveness of Double Taxation Agreements in Cross Border Transactions	Kuching
17	Workshop: Submission of 2011 Returns	Kuala Lumpur





# Pictorial **HIGHLIGHTS**

## Chartered Tax Institute of Malaysia













# FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2011

Council Members' Report	24 - 25
Statement by Council Members	26
Statutory Declaration	27
Independent Auditors' Report to the Members	28
Statement of Financial Position	29
Statement of Income and Expenditure	30 - 31
Statement of Changes in Accumulated Funds	32
Statement of Cash Flows	33
Notes to the Financial Statements	34 - 46



# COUNCIL MEMBERS' REPORT

The Council members hereby present their report together with the audited financial statements of the Institute for the year ended 31 December 2011.

## 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	RM616,315
----------------------	-----------

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 current year.

## 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:

Thanneermalai A/L SP SM Somasundaram

Lim Kah Fan

Khoo Chin Guan

Lew Nee Fook @ Liu Nee Choong

(retired on 11.6.2011, re-elected on 11.6.2011)

Dr Ahmad Faisal bin Zakaria

Aruljothi A/L Kanagaretnam

Chow Kee Kan @ Chow Tuck Kwan

Assoc Prof. Faridah binti Ahmad

Dato' Liew Lee Leong

Lai Shin Fah @ David Lai

Lim Thiam Kee

Poon Yew Hoe

Yeo Eng Hui

K. Sandra Segaran A/L Karuppiah

(elected on 11.6.2011)

Seah Siew Yun

(appointed on 12.6.2010, retired on 11.6.2011, elected on 11.6.2011)

Datuk Tan Leh Kiah

(appointed on 12.6.2010, retired on 11.6.2011, elected on 11.6.2011)

Yeoh Poh Yew

(resigned on 11.6.2011)

Lim Heng How

(retired on 11.6.2011)

Prof Dr. Jeyapalan A/L Kasipillai

(retired on 11.6.2011)

Dr Veerinderjeet Singh

(retired on 11.6.2011)

In accordance with Article 58B and 59 of the Institute's Articles of Association, Dr. Ahmad Faisal bin Zakaria and Aruljothi A/L Kanagaretnam shall retire at the forthcoming Annual General Meeting and are not eligible to seek re-election.

Pursuant to Article 59, Assoc. Prof. Faridah binti Ahmad and Thanneermalai A/L SP SM Somasundaram retire at the forthcoming Annual General Meeting and are 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.

## 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 company 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.

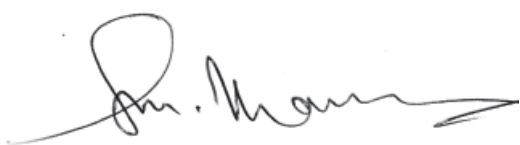
## Other Statutory Information

- (a) The Council members, before the statement of income and expenditure 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 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 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.



THANNEERMALAI A/L  
SP SM SOMASUNDARAM



LIM KAH FAN

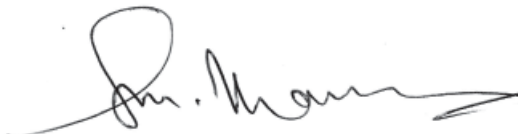
KUALA LUMPUR  
23 February 2012

# STATEMENT BY COUNCIL MEMBERS

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

We, THANNEERMALAI A/L SP SM SOMASUNDARAM and LIM KAH FAN 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 29 to 46 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 2011 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.



THANNEERMALAI A/L  
SP SM SOMASUNDARAM



LIM KAH FAN

KUALA LUMPUR  
23 February 2012

# STATUTORY DECLARATION

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

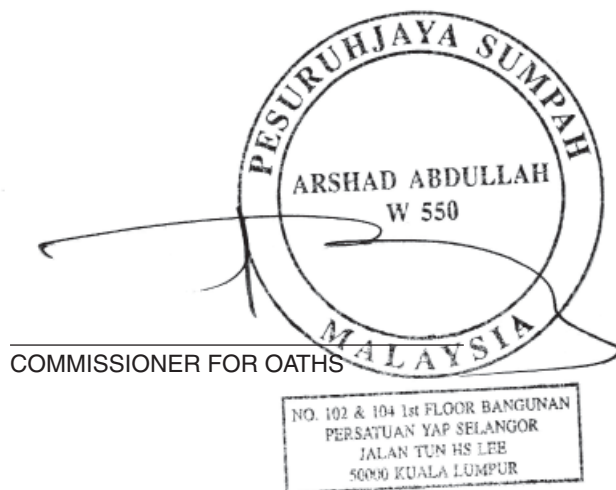
I, P THOMAS SIMON, being the Executive Director primarily responsible for the financial management of CHARTERED TAX INSTITUTE OF MALAYSIA, do solemnly and sincerely declare that the financial statements set out on pages 29 to 46 are to the best of my knowledge and belief, correct and I make this solemn 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 P THOMAS SIMON at Kuala Lumpur in the Federal Territory this 23 February 2012.



P THOMAS SIMON

Before me,



# 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 2011 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 29 to 46.

### *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 2011 and of its financial performance and cash flows for the year then ended.

## Report on Other Legal and Regulatory Requirements

In accordance with the requirements of the Companies Act, 1965 in Malaysia, we also report 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: 2564/03/13 (J)  
Partner of Firm

KUALA LUMPUR  
23 February 2012



# STATEMENT OF FINANCIAL POSITION

AS AT 31 DECEMBER 2011

	Note	2011 RM	2010 RM
<b>Non-current Asset</b>			
Property, plant and equipment	3	1,052,165	1,041,962
<b>Current Assets</b>			
Other receivables	4	100,158	176,701
Fixed deposits with licensed banks	5	3,091,925	2,691,925
Cash and bank balances		753,011	625,107
		3,945,094	3,493,733
<b>Current Liabilities</b>			
Other payables	6	539,316	626,139
Term loan	7	2,905	2,928
Tax payable		703	46,104
		542,924	675,171
Net current assets		3,402,170	2,818,562
		4,454,335	3,860,524
<b>Financed by:</b>			
<b>Accumulated funds</b>			
Balance brought forward		3,708,600	3,207,635
Surplus for the year		616,315	500,965
Balance carried forward		4,324,915	3,708,600
<b>Non-Current Liabilities</b>			
Term loan	7	87,944	91,704
Deferred tax liabilities	8	41,476	60,220
		129,420	151,924
		4,454,335	3,860,524

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

# STATEMENT OF INCOME AND EXPENDITURE

## FOR THE YEAR ENDED 31 DECEMBER 2011

	Note	2011 RM	2010 RM
<b>Operating income</b>			
Courses and seminars		1,551,615	1,567,355
Examinations		288,653	179,140
Publications		26,845	108,224
Membership services		609,759	602,341
		2,476,872	2,457,060
<b>Less: Operating expenditure</b>			
Courses and seminars		1,144,453	1,056,178
Examinations		125,805	96,378
Publications		78,810	128,600
		1,349,068	1,281,156
Gross income over operating expenditure		1,127,804	1,175,904
<b>Other income</b>			
Anniversary dinner		6,973	-
Interest on fixed deposits		72,280	70,655
National tax conference	9	589,104	468,495
Sundry income		5,117	10,878
		673,474	550,028
<b>Less: Administrative expenditure</b>			
Accounting fee		-	16,960
Advertisement		5,687	3,213
Annual General Meeting		24,778	29,134
Audit fee		5,000	4,500
Bad debts written off		-	22,429
Bank charges		3,485	3,165
Building service charges and sinking fund		9,580	11,975
Depreciation of property, plant and equipment		74,059	62,429
Equipment rental		12,038	11,616
Legal and secretarial fees		4,249	2,556
Insurance		5,865	-
I.T. maintenance		11,882	12,515
Balance carried forward		156,623	180,492

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

# STATEMENT OF INCOME AND EXPENDITURE

FOR THE YEAR ENDED 31 DECEMBER 2011...(continued)

	Note	2011 RM	2010 RM
<b>Less: Administrative expenditure (Cont'd)</b>			
Balance carried forward		156,623	180,492
Medical expenses		4,872	4,052
Meeting expenses		1,166	5,867
Newspaper and periodicals		7,168	5,110
Printing, postage and stationery		68,917	69,349
Professional fees		4,130	4,500
Research Grant		9,640	-
Quit rent and assessment		8,640	8,640
Staff costs			
- Employees Provident Fund and SOCSO		99,937	82,650
- Staff remunerations		731,252	653,403
- Staff welfare and insurance		8,271	10,785
Telecommunication expenses		21,080	19,843
Term loan interest		5,397	6,046
Travelling, parking and toll		19,910	27,640
Office expenses		8,768	10,887
Upkeep of office equipment		5,200	3,587
Utilities		17,324	17,567
		<b>1,178,295</b>	<b>1,110,418</b>
Surplus before taxation		622,983	615,514
Less: Taxation	10	(6,668)	(114,549)
Surplus for the year		<b>616,315</b>	<b>500,965</b>

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

# STATEMENT OF CHANGES IN ACCUMULATED FUNDS

## FOR THE YEAR ENDED 31 DECEMBER 2011

	Accumulated Funds RM
At 1 January 2010	3,207,635
Surplus for the year	500,965
At 31 December 2010	3,708,600
At 1 January 2011	3,708,600
Surplus for the year	616,315
At 31 December 2011	4,324,915

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

# STATEMENT OF CASH FLOWS

## FOR THE YEAR ENDED 31 DECEMBER 2011

	2011 RM	2010 RM
<b>Cash Flow From Operating Activities</b>		
Surplus before taxation	622,983	615,514
Adjustments for:		
Bad debts written off	-	22,429
Depreciation or property, plant and equipment	74,059	62,429
Interest income	(72,280)	(70,655)
Operating surplus before working capital changes	624,762	629,717
Decrease/(Increase) in working capital		
Other receivables	76,543	(91,111)
Other payables	(86,823)	63,341
	(10,280)	(27,770)
Cash generated from operations	614,482	601,947
Tax paid	(70,813)	(36,994)
Net cash from operating activities	543,669	564,953
<b>Cash Flow From Investing Activities</b>		
Purchase of property, plant and equipment	(84,262)	(51,916)
Interest received	72,280	70,655
Net cash (used in)/from investing activities	(11,982)	18,739
<b>Cash Flow From Financing Activity</b>		
Repayment of term loan	(3,783)	(2,259)
<b>Net increase in cash and cash equivalents</b>	527,904	581,433
<b>Cash and cash equivalents at beginning of the year</b>	3,317,032	2,735,599
<b>Cash and cash equivalents at end of the year</b>	3,844,936	3,317,032
<b>Cash and cash equivalents at end of the year comprises:-</b>		
Fixed deposits with licensed banks	3,091,925	2,691,925
Cash and bank balances	753,011	625,107
	3,844,936	3,317,032

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 year, the Institute has adopted the following applicable amendments to Financial Reporting Standards ("FRSs") issued by the Malaysian Accounting Standards Board which are mandatory and will be effective for financial periods as stated below:

		<b>Effective date for financial periods beginning on or after</b>
Amendments to FRS 132	Financial Instruments: Presentation - paragraphs 11,16 and 97E	1 March 2010
Amendments to FRS 7	Improving Disclosures about Financial Instruments	1 January 2011
Amendments to FRSs contained in the document entitled "Improvements to FRSs (2010)"		1 January 2011

The Council members of the Institute anticipate that the application of the above amendments to FRSs do not have any significant impact on the financial statements of the Institute except as disclosed in Note 14 to the financial statements.

On 19 November 2011, MASB has issued a new MASB approved accounting framework, the Malaysian Financial Reporting Standards ("MFRS Framework"). The MFRS Framework is to be applied by all Entities Other Than Private Entities for annual periods beginning on or after 1 January 2012, with the exception of entities that are within the scope of MFRS 141, Agriculture and IC interpretation 15, *Agreement for Construction of Real Estate*, including its parent, significant investor and venture ("Transitioning Entities").

Transitioning Entities will be allowed to defer adoption of the new MFRS framework for an additional one year. The Institute does not qualify as Transitioning Entities and therefore, the adoption of MFRS framework will be mandatory for annual financial period beginning on or after 1 January 2012.

The Council members of the Institute anticipate that the application of the following Malaysian Financial Reporting Standards ("MFRSs") and FRSs 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:

**Effective date for  
financial periods  
beginning on or after**

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**FRSs**

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

**MFRSs**

MFRS 1	First-time Adoption of Malaysian Financial Reporting Standards	1 January 2012
MFRS 2	Share-based Payment	1 January 2012
MFRS 3	Business Combinations	1 January 2012
MFRS 4	Insurance Contracts	1 January 2012
MFRS 5	Non-current Assets Held for Sale and Discontinued Operations	1 January 2012
MFRS 6	Exploration for and Evaluation of Mineral Resources	1 January 2012
MFRS 7	Financial Instruments: Disclosures	1 January 2012
MFRS 8	Operating Segments	1 January 2012
MFRS 101	Presentation of Financial Statements	1 January 2012
MFRS 102	Inventories	1 January 2012
MFRS 107	Statement of Cash Flows	1 January 2012
MFRS 108	Accounting Policies, Changes in Accounting Estimates and Errors	1 January 2012
MFRS 110	Events After the Reporting Period	1 January 2012
MFRS 111	Construction Contracts	1 January 2012
MFRS 112	Income Taxes	1 January 2012
MFRS 116	Property, Plant and Equipment	1 January 2012
MFRS 117	Leases	1 January 2012
MFRS 118	Revenue	1 January 2012
MFRS 119	Employee Benefits	1 January 2012
MFRS 120	Accounting for Government Grants and Disclosure of Government Assistance	1 January 2012
MFRS 121	The Effects of Changes in Foreign Exchange Rates	1 January 2012
MFRS 123	Borrowing Costs	1 January 2012
MFRS 124	Related Party Disclosures	1 January 2012
MFRS 126	Accounting and Reporting by Retirement Benefit Plans	1 January 2012
MFRS 127	Consolidated and Separate Financial Statements	1 January 2012
MFRS 128	Investments in Associates	1 January 2012
MFRS 129	Financial Reporting in Hyperinflationary Economies	1 January 2012
MFRS 131	Interests in Joint Ventures	1 January 2012
MFRS 132	Financial Instruments: Presentation	1 January 2012
MFRS 133	Earnings Per Share	1 January 2012
MFRS 134	Interim Financial Reporting 1 January 2012	
MFRS 136	Impairment of Assets	1 January 2012
MFRS 137	Provisions, Contingent Liabilities and Contingent Assets	1 January 2012
MFRS 138	Intangible Assets	1 January 2012
MFRS 139	Financial Instruments: Recognition and Measurement	1 January 2012
MFRS 140	Investment Property	1 January 2012
MFRS 141	Agriculture	1 January 2012

**Effective date for  
financial periods  
beginning on or after**

IC Interpretation 1	Changes in Existing Decommissioning, Restoration and Similar Liabilities	1 January 2012
IC Interpretation 2	Members' Shares in Co-operative Entities and Similar Instruments	1 January 2012
IC Interpretation 4	Determining whether an Arrangement contains a Lease	1 January 2012
IC Interpretation 5	Rights to Interests arising from Decommissioning, Restoration and Environmental Rehabilitation Funds	1 January 2012
IC Interpretation 6	Liabilities arising from Participating in a Specific Market - Waste Electrical and Electronic Equipment	1 January 2012
IC Interpretation 7	Applying the Restatement Approach under MFRS 129 Financial Reporting in Hyperinflationary Economies	1 January 2012
IC Interpretation 9	Reassessment of Embedded Derivatives	1 January 2012
IC Interpretation 10	Interim Financial Reporting and Impairment	1 January 2012
IC Interpretation 12	Service Concession Arrangements	1 January 2012
IC Interpretation 13	Customer Loyalty Programmes	1 January 2012
IC Interpretation 14	MFRS 119 - The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction	1 January 2012
IC Interpretation 15	Agreements for the Construction of Real Estate	1 January 2012
IC Interpretation 16	Hedges of a Net Investment in a Foreign Operation	1 January 2012
IC Interpretation 17	Distributions of Non-cash Assets to Owners	1 January 2012
IC Interpretation 18	Transfers of Assets from Customers	1 January 2012
IC Interpretation 19	Extinguishing Financial Liabilities with Equity Instruments	1 January 2012
IC Interpretation 107	Introduction of the Euro	1 January 2012
IC Interpretation 110	Government Assistance - No Specific Relation to Operating Activities	1 January 2012
IC Interpretation 112	Consolidation - Special Purpose Entities	1 January 2012
IC Interpretation 113	Jointly Controlled Entities - Non-Monetary Contributions by Venturers	1 January 2012
IC Interpretation 115	Operating Leases - Incentives	1 January 2012
IC Interpretation 125	Income Taxes - Changes in the Tax Status of an Entity or its Shareholders	1 January 2012
IC Interpretation 127	Evaluating the Substance of Transactions Involving the Legal Form of a Lease	1 January 2012
IC Interpretation 129	Service Concession Arrangements: Disclosures	1 January 2012
IC Interpretation 131	Revenue - Barter Transactions Involving Advertising Services	1 January 2012
IC Interpretation 132	Intangible Assets - Web Site Costs	1 January 2012
Amendments to		
MFRS 101	Presentation of items of Other Comprehensive Income	1 July 2012
MFRS 9	Financial Instruments ( <i>IFRS 9 issued by IASB in November 2009</i> )	1 January 2013
	Financial Instruments ( <i>IFRS 9 issued by IASB in October 2010</i> )	
MFRS 10	Consolidated Financial Statements	1 January 2013
MFRS 11	Joint Arrangements	1 January 2013
MFRS 12	Disclosure of Interests in Other Entities	1 January 2013
MFRS 13	Fair Value Measurement	1 January 2013
MFRS 119	Employee Benefits	1 January 2013
MFRS 127	Separate Financial Statements ( <i>IAS 27 as amended by IASB in June 2011</i> )	1 January 2013
MFRS 128	Investments in Associates and Joint Ventures ( <i>IAS 28 as amended by IASB in June 2011</i> )	1 January 2013
IC Interpretation 20	Stripping Costs in the Production Phase of a Surface Mine	1 January 2013

## 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 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 2011 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 and software	40%
Renovation	10%

The depreciable amount is determined after deducting the residual value.

Depreciation methods, useful lives and residual values are reassessed at each 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 income and expenditure 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 income and expenditure, 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 income and expenditure 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 income and expenditure.

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 income and expenditure.

### **(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 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.

### **(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 equivalents are presented net of bank overdrafts and pledged deposits, if any.

### 3. Property, Plant and Equipment

	Freehold property	Office equipment	Furniture and fittings	Computer equipment and software	Renovation	Work-in- progress	Total
	RM	RM	RM	RM	RM	RM	RM
<b>Cost</b>							
At 1.1.2011	969,750	89,285	99,456	168,410	41,063	39,610	1,407,574
Addition	-	6,780	1,732	72,451	3,299	-	84,262
Reclassification	-	-	-	39,610	-	(39,610)	-
At 31.12.2011	969,750	96,065	101,188	280,471	44,362	-	1,491,836
<b>Accumulated depreciation</b>							
At 1.1.2011	98,591	58,538	55,828	129,381	23,274	-	365,612
Charge for the year	19,395	9,709	9,999	30,795	4,161	-	74,059
At 31.12.2011	117,986	68,247	65,827	160,176	27,435	-	439,671
<b>Carrying amount</b>							
At 31.12.2011	851,764	27,818	35,361	120,295	16,927	-	1,052,165
<b>Cost</b>							
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
<b>Accumulated depreciation</b>							
At 1.1.2010	79,196	50,081	45,980	108,758	19,168	-	303,183
Charge for the 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
<b>Carrying amount</b>							
At 31.12.2010	871,159	30,747	43,628	39,029	17,789	39,610	1,041,962

The above freehold property has been pledged to a licensed bank to secure banking facilities granted to the Institute as stated in Note 7 to the financial statements.

#### 4. Other Receivables

	2011 RM	2010 RM
Other receivables	67,833	164,533
Sundry deposits	5,043	8,843
Prepayment	27,282	3,325
	100,158	176,701

#### 5. Fixed Deposits

	2011 RM	2010 RM
Deposits placed with licensed banks	3,091,925	2,691,925

The effective interest rate of deposits at the reporting date ranged from 3.05% to 3.25% (2010: 2.75% to 3.48%) per annum.

#### 6. Other Payables

	2011 RM	2010 RM
Other payables	403,183	487,345
Accruals	136,133	138,794
	539,316	626,139

Included in other payables is an amount of RM323,045 (2010: RM342,937) due to the Lembaga Hasil Dalam Negeri ("LHDNM") being its share of profit from the National Tax Conference.

## 7. Term Loan

	2011 RM	2010 RM
<b>Secured</b>		
Term loan	90,849	94,632
Analysed as:		
Repayable within twelve months	2,905	2,928
Repayable after twelve months	87,944	91,704
	90,849	94,632
Maturity of the term loan is as follows:		
	2011 RM	2010 RM
Within one year	2,905	2,928
Between one and two years	3,115	6,478
Between two and five years	10,763	7,404
More than five years	74,066	77,822
	90,849	94,632

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 6.70% and 7.00% (2010: 6.45% and 6.70%) per annum.

## 8. Deferred Tax Liabilities

	2011 RM	2010 RM
At 1 January	60,220	8,070
Recognised in statement of income and expenditure	19,436	7,959
(Over)/Under provision in prior years	(38,180)	44,191
At 31 December	41,476	60,220

The Institute's deferred tax liability is derived from accelerated capital allowances.

## 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 amounting to RM1,620,500 (2010: RM1,446,555).

## 10. Taxation

	2011 RM	2010 RM
Tax expense:		
Current tax provision	21,730	66,711
Under/(Over) provision in prior years	3,682	(4,312)
	25,412	62,399
Deferred tax expense:		
(Over)/Under provision in prior years	(38,180)	44,191
Relating to origination and reversal of temporary differences	19,436	7,959
	(18,744)	52,150
	6,668	114,549

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:-

	2011 RM	2010 RM
Surplus before taxation	622,983	615,514
Tax at statutory tax rate of:-		
- 14.32% (2010: 14.32%) on the first RM100,000 (2010: RM100,000)	14,325	14,325
- 26% (2010: 26%) on the balance of chargeable income	135,976	134,034
Non-taxable surplus from members	(122,304)	(95,292)
Expenses not deductible for tax purposes	13,169	21,603
(Over)/Under provision of deferred taxation in respect of prior years	(38,180)	44,191
Under/(Over) provision of taxation in respect of prior years	3,682	(4,312)
Tax expense for the year	6,668	114,549

## 11. 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.

	2011 RM	2010 RM
Within one year	11,616	11,616
Between one and two years	11,616	11,616
Between two and five years	12,584	24,200
	35,816	47,432



## 12. Capital Commitments

	2011 RM	2010 RM
Property, plant and equipment:-		
Authorised and contracted for	-	6,990
Authorised but not contracted for	951,874	-

The Institute has authorised the purchase of one (1) unit of office lot bearing address at No. B-13-1, Block B, Megan Avenue II, No. 12, Jalan Yap Kwan Seng, 50450 Kuala Lumpur. This unit is immediately adjacent to the existing offices of the Institute.

## 13. Effects on Adoption of Amendments to FRS

The effects on adoption of the following applicable amendments to FRS in year 2011 are set out below:

### Amendments to FRS 7: Financial Instruments-Disclosures

The Amendments requires enhanced disclosures about fair value measurement and liquidity risk. In particular, the amendments require disclosure of fair value measurements by level of a fair value measurement hierarchy.

This is a disclosure standard and hence does not have any impact on the financial position and performance of 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:-

	2011 RM	2010 RM
Floating rate instruments		
Term loan	90,849	94,632

### 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 significant impact to the accumulated funds nor surplus net of tax of the Institute.

## 14. Financial Instruments...(continued)

### (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 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.

	<b>On demand or within one year RM</b>	<b>Within two to to five years RM</b>	<b>More than five years RM</b>	<b>Total RM</b>
<b>2011</b>				
Other payables	539,316	-	-	539,316
Term loan	2,905	13,878	74,066	90,849
Total undiscounted financial liabilities	542,221	13,878	74,066	630,165
<b>2010</b>				
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

### (e) Fair values

The carrying amounts of cash and cash equivalents, and 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.

The fair value of long term bank borrowing carried on the statement of financial position is estimated using valuation technique under the hierarchy level 2 mentioned below whereby the expected future cash flows of the bank borrowing is discounted at the market interest rate for similar types of borrowing. The fair value of the long term bank borrowing approximates its carrying value as it is a floating rate instrument and is re-priced 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.

#### Fair value hierarchy

The Institute uses the following hierarchy for determining and disclosing the fair value of financial instruments by valuation technique:

- Level 1: quoted (unadjusted) prices in active markets for identical assets or liabilities
- Level 2: other techniques for which all inputs which have a significant effect on the recorded fair value are observable, either directly or indirectly
- Level 3: techniques which use inputs that have a significant effect on the recorded fair value that are not based on observable market data

## 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.

	2011 RM	2010 RM
Other payables	539,316	626,139
Borrowings	90,849	94,632
Total debt	630,165	720,771
Accumulated funds	4,324,915	3,708,600
Gearing ratio	15%	19%

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

## 16. Comparative Figures

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

## 17. Date of Authorisation for Issue

The financial statements of the Institute for the year ended 31 December 2011 were authorised for issue in accordance with a resolution of the Council Members on 23 February 2012.

## NOTES

# NOTES

Handwriting practice lines consisting of 28 horizontal dotted lines.





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