

**THE MALAYSIAN INSTITUTE OF ARBITRATORS**  
(Registered in Malaysia)

**REPORTS AND FINANCIAL STATEMENTS**  
**31 DECEMBER 2017**



**WONG WENG FOO & CO** (AF: 0829)  
CHARTERED ACCOUNTANTS

**THE MALAYSIAN INSTITUTE OF ARBITRATORS**  
(Registered in Malaysia)

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**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF  
THE MALAYSIAN INSTITUTE OF ARBITRATORS**

**REPORT ON THE FINANCIAL STATEMENTS**

We have audited the financial statements of The Malaysian Institute of Arbitrators, which comprise the statement of financial position as at 31 December 2017 and the statement of income and expenditure, statement of changes in accumulated fund, statement of receipts and payments and notes to the financial statements for the year then ended, and a summary of significant accounting policies and other explanatory notes, as set out on pages 5 to 15.

In our opinion, the financial statements give a true and fair view of the financial position of the Institute as at 31 December 2017, and of its financial performance and its receipts and payments for the year then ended in accordance with Malaysian Private Entities Reporting Standards and the requirements of the Society Act, 1966 in Malaysia.

**Basis for Opinion**

We conducted our audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

**Independence and Other Ethical Responsibilities**

We are independent of the Institute in accordance with the By-Laws (on Professional Ethics, Conduct and Practice) of the Malaysian Institute of Accountants ("By-Laws") and the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants ("IESBA Code"), and we have fulfilled our other ethical responsibilities in accordance with the By-Laws and the IESBA Code.

**Information Other than the Financial Statements and Auditors' Report Thereon**

The Council of the Institute are responsible for the other information. The other information comprises the information included in the annual report does not include the financial statements of the Institute and our auditors' report thereon.

Our opinion on the financial statements of the Institute does not cover the Other information in the annual report and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements of the Institute, our responsibility is to read the Other information in the annual report and, in doing so, consider whether the other information is materially inconsistent with the financial statements of the Institute or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.





## **REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (CONTINUED)**

### **Responsibilities of the Council for the Financial Statements**

The Council of the Institute are responsible for the preparation of financial statements of the Institute that give a true and fair view in accordance with Malaysian Private Entities Reporting Standards and the requirements of the Societies Act, 1966 in Malaysia. The Council are also responsible for such internal control as the Council determine is necessary to enable the preparation of financial statements of the Institute that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements of the Institute, the Council are responsible for assessing the Institute's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Council either intend to liquidate the Institute or to cease operations, or have no realistic alternative but to do so.

### **Auditors' Responsibilities for the Audit of the Financial Statements**

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

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

- Identify and assess the risks of material misstatement of the financial statements of the Institute, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Institute's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Council.
- Conclude on the appropriateness of the Council use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Institute's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements of the Institute or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Institute to cease to continue as a going concern.





## REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (CONTINUED)

### Auditors' Responsibilities for the Audit of the Financial Statements (Continued)

- Evaluate the overall presentation, structure and content of the financial statements of the Institute, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

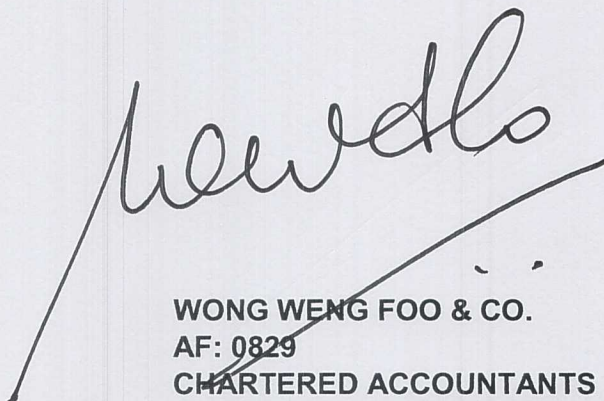
We communicate with the Council regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

### Report on Other Legal and Regulatory Requirements

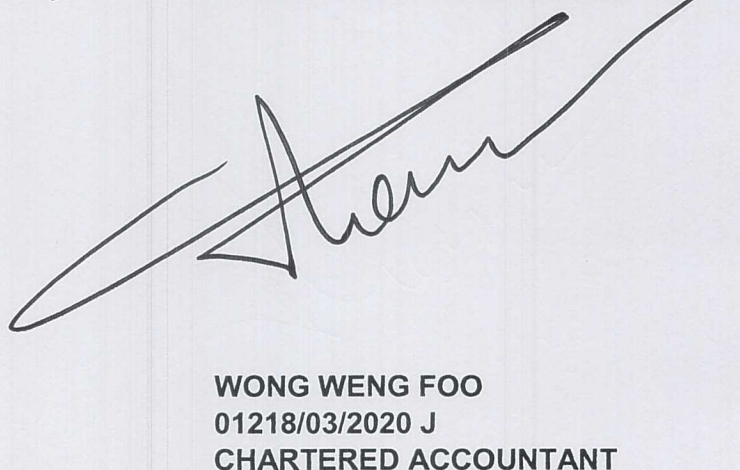
In accordance with the requirements of the Societies Act, 1966 in Malaysia, we also report that in our opinion, the accounting and other records and the registers required by the Act to be kept by the Institute have been properly kept in accordance with the provisions of the Act.

### Other Matters

This report is made solely to the members of the Institute, as a body and for no other purpose. We do not assume responsibility to any other person for the content of this report.



WONG WENG FOO & CO.  
AF: 0829  
CHARTERED ACCOUNTANTS



WONG WENG FOO  
01218/03/2020 J  
CHARTERED ACCOUNTANT

KUALA LUMPUR  
Dated this : 26 APR 2018

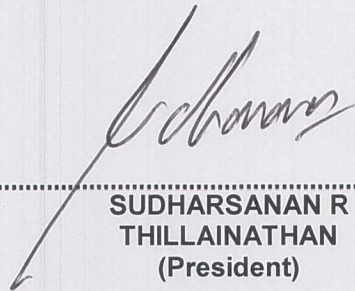


**THE MALAYSIAN INSTITUTE OF ARBITRATORS**  
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**COUNCILS' STATEMENT**

In the opinion of the Council, the accompanying statement of financial position, statement of income and expenditure, statement of accumulated fund, statement of receipts and payments and notes to the financial statements set out on pages **5 to 15** are properly drawn up in accordance with Malaysian Private Entity Reporting Standards in Malaysia, so as to give a true and fair view of the state of affairs of the Institute as at 31 December 2017 and of its income and expenditure and receipts and payments for the year ended on that date.

On behalf of the Council,



.....  
**SUDHARSANAN R  
THILLAINATHAN**  
(President)



.....  
**VERGHESE AARON MATHEWS**  
(Honorary Treasurer)

KUALA LUMPUR  
Dated this : **26 APR 2018**

**THE MALAYSIAN INSTITUTE OF ARBITRATORS**  
(Registered in Malaysia)

**STATEMENT OF FINANCIAL POSITION**  
**AS AT 31 DECEMBER 2017**

	<u>Note</u>	2017 RM	2016 RM
<b>ASSETS</b>			
<b>Non-Current Asset</b>			
Equipment	4	14,323	15,133
		14,323	15,133
<b>Current Assets</b>			
Other receivables		36,749	1,652
Sundry deposits		1,000	1,600
Prepayment		2,553	1,956
Fixed deposits with licensed banks	5	224,526	232,522
Cash & bank balances		41,245	53,070
		306,073	290,800
<b>Total Assets</b>		<u>320,396</u>	<u>305,933</u>
<b>FINANCED BY</b>			
<b>ACCUMULATED FUND</b>		285,393	275,228
<b>LIABILITIES</b>			
<b>Current Liabilities</b>			
Membership fees received in advance		19,895	19,500
Other payables		3,600	3,600
Accruals		11,508	7,605
<b>Total Liabilities</b>		35,003	30,705
<b>Total Funds and Liabilities</b>		<u>320,396</u>	<u>305,933</u>

The attached notes form an integral part of the Financial Statements



**THE MALAYSIAN INSTITUTE OF ARBITRATORS**  
(Registered in Malaysia)

**STATEMENT OF INCOME AND EXPENDITURE  
FOR THE YEAR ENDED 31 DECEMBER 2017**

<b>INCOME</b>	<b>Note</b>	<b>2017 RM</b>	<b>2016 RM</b>
Course fees from Brickfields Asia College		64,800	24,000
Entrance fees		5,500	5,250
Processing fee		200	200
Fixed deposits interest		6,716	6,251
Conference – MIARB Debate series		3,490	-
Lecturers' fees		10,800	10,260
Membership subscriptions		54,766	58,795
Membership upgrade course fees		5,400	3,600
MIARB Annual Review fees		6,805	10,910
Newsletter advertisement income		-	2,790
Membership upgrade subscription fees		300	-
Profit sharing from KLRCA and CIDB		5,444	-
Seminars & talks		880	1,880
Sundry income		1,447	501
Profit sharing from IEM		1,466	1,899
Sundry income – room rental		-	12,257
IT support fees		-	658
		<b>168,014</b>	<b>139,251</b>
<b>LESS: EXPENDITURE</b>			
Accounting fees		3,300	3,300
Auditors' remuneration		2,500	2,500
Conference – MIARB debate series expenses		1,944	-
Bank charges		1,646	157
Council meeting expenses		-	793
Credit card charges		-	7
Depreciation	4	3,462	3,265
EPF & Socso		8,418	7,796
Bad debts written off		1,305	-
Insurance		527	1,581
IT support fees		457	-
Lecturers' fees		15,480	14,940
Maintenance charges for office		1,940	294
Medical fee		442	500
Membership upgrade course expenses		2,009	2,791
CPD processing expenses		150	-
Office expenses		3,123	51
Postage, courier and despatch		2,517	2,333
Printing and stationery		3,480	4,809
RAIF conference organizing committee expenses		13,173	4,334
Rental of credit card terminal		-	954
Subscription fee		533	-
e-Newsletter design cost		5,280	-
Salaries, wages & allowances		67,840	54,400
Service tax		173	-



# STATEMENT OF INCOME AND EXPENDITURE (CONTINUED)

	<u>Note</u>	2017 RM	2016 RM
Souvenirs & gifts		183	2,530
Penalty		200	-
Seminar and talks expenses		303	1,034
Sundry expenses		2,665	1,430
Tax agent fees		3,200	3,119
Telephone		1,335	1,771
Travelling		622	942
Utilities		-	239
MIArb Annual Review		7,842	10,422
Property, plant and equipment written off		-	6,815
Room rental		-	1,600
Retainer contract fee		1,800	-
		(157,849)	(134,707)
<b>SURPLUS OF INCOME OVER EXPENDITURE BEFORE TAXATION</b>		10,165	4,544
<b>TAXATION</b>	6	-	33
<b>SURPLUS OF INCOME OVER EXPENDITURE AFTER TAXATION FOR THE YEAR</b>		10,165	4,577

The attached notes form an integral part of the Financial Statements



**THE MALAYSIAN INSTITUTE OF ARBITRATORS**  
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**STATEMENT OF CHANGES IN ACCUMULATED FUND  
FOR THE YEAR ENDED 31 DECEMBER 2017**

	<b>Accumulated fund</b>	<b>Total</b>
	<b>RM</b>	<b>RM</b>
Balance at 1 January 2016	270,651	270,651
Net surplus for the year	4,577	4,577
Balance at 31 December 2016/ 1 January 2017	275,228	275,228
Net surplus for the year	10,165	10,165
Balance at 31 December 2017	285,393	285,393

The attached notes form an integral part of the Financial Statements



**THE MALAYSIAN INSTITUTE OF ARBITRATORS**  
(Registered in Malaysia)

**STATEMENT OF RECEIPTS AND PAYMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2017**

	<b>2017 RM</b>	<b>2016 RM</b>
<b>RECEIPTS</b>		
Course fees from Brickfields Asia College	21,000	48,000
Entrance fees	5,500	5,250
Processing fee	200	200
Telephone deposit refund	600	-
Conference – MIARB debate series	3,490	-
Lecturers' fees	10,800	10,260
Membership subscriptions	55,161	63,685
Membership upgrade course fees	5,400	3,600
Membership upgrade subscription fees	300	-
Newsletter advertisement income	4,500	6,500
Profit sharing from KLRCA and CIDB	5,444	-
Rental of arbitration rooms & miscellaneous charges	-	6,765
Withdrawal of UOB fixed deposit	14,712	-
Seminars talks	880	1,880
Sundry income	1,447	501
Kosmowintech Sdn. Bhd. – refund of deposit	-	4,101
MIArb Annual Review fees	6,805	10,910
Profit sharing from IEM	1,466	1,899
	<u>137,705</u>	<u>163,551</u>
<b>LESS: PAYMENTS</b>		
Accounting fees	3,600	3,000
Auditors' remuneration	-	3,305
CPD processing fee	150	-
Bank charges	1,646	157
Conference – MIARB debate series	1,944	-
Council meeting expenses	-	793
Credit card charges	-	7
EPF & Socso	16,971	12,883
Insurance	1,581	1,581
e-Newsletter design cost	9,780	-
Penalty	200	-
Kosmowintech Sdn. Bhd. & Wangsatrax Sdn. Bhd. - share of arbitration room rentals	-	17,164
Lecturers' fees	7,740	14,940
RAIF forum organization fee	-	800
Maintenance charges for office	1,293	51
Medical fee	442	500
Membership upgrade course expenses	1,479	1,985



# STATEMENT OF RECEIPTS AND PAYMENTS (CONTINUED)

	2017 RM	2016 RM
MIARB website maintenance	-	1,749
Newsletter publication cost	-	3,710
Office expenses	3,123	51
Placement of fixed deposits	-	40,000
Postage, courier and despatch	2,517	2,333
Printing & stationery	3,100	4,709
Retainer contract fee	1,800	-
Purchase of equipment	2,652	13,080
RAIF conference organising expenses	13,173	2,837
RAIF domain name renewal	341	318
Subscription fees	533	-
Refreshments	-	1,429
Rental of credit card terminal	-	954
Sundry expenses	2,665	-
Salaries, wages, allowances & bonus	59,746	48,209
Souvenir & gift	183	3,335
Tax agent fees	3,048	2,719
Telephone	1,331	1,771
Travelling	347	803
Seminar & talk expenses	303	1,034
MIArb Annual Review expenses	7,842	10,422
Rental of room for AGM	-	1,600
	<u>149,530</u>	<u>198,229</u>
<b>NET PAYMENTS FOR THE YEAR</b>	(11,825)	(34,678)
<b>CASH AND BANK BALANCES AT 1 JANUARY</b>	<u>53,070</u>	<u>87,748</u>
<b>CASH AND BANK BALANCES AT 31 DECEMBER</b>	<u>41,245</u>	<u>53,070</u>

The attached notes form an integral part of the Financial Statements



**THE MALAYSIAN INSTITUTE OF ARBITRATORS**  
(Registered in Malaysia)

**NOTES TO THE FINANCIAL STATEMENTS**  
**31 DECEMBER 2017**

**1. GENERAL INFORMATION**

The Institute registered and domiciled in Malaysia.

The Institute is located at Room 11, Level 2, Bangunan Sulaiman, Jalan Sultan Hishamuddin, 50000 Kuala Lumpur.

The financial statements were approved and authorised for issue by the Council  
on 26 APR 2018

**2. BASIS OF PREPARATION**

**2.1 Statement of Compliance**

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

The financial statements of the Institute have been prepared in accordance with Malaysian Private Entities Reporting Standards ("MPERS") and the requirements of Societies Act, 1966 in Malaysia.

**2.2 Functional and Presentation Currency**

These financial statements are presented in Ringgit Malaysia ("RM"), which is the Institute's functional currency. All financial information is presented in RM, unless otherwise stated.

**3. SIGNIFICANT ACCOUNTING POLICIES**

Unless otherwise stated, the following significant accounting policies have been used consistently in dealing with items which are considered material in relation to the financial statements.

**3.1 Equipment**

All items of equipment are initially recorded at cost. The cost of an item of plant and equipment is recognised as an asset if, and only if, it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably.

Subsequent to recognition, plant and equipment are measured at cost less accumulated depreciation and accumulated impairment losses. When significant parts of plant and equipment are required to be replaced in intervals, the Company recognises such parts as individual assets with specific useful lives and depreciation, respectively.



### **3. SIGNIFICANT ACCOUNTING POLICIES**

#### **3.1 Equipment (Continued)**

Likewise, when a major inspection is performed, its cost is recognised in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognised in profit or loss as incurred.

Equipment are stated at cost less accumulated depreciation and impairment loss, if any.

Depreciation on equipment is calculated on a straight line basis to write off their costs over their estimated useful lives at the following annual rates:-

Office equipment	10%
Furniture & fittings	10%
Computer & software	33%
Signboard	10%
Renovations	10%
Reference books	10%

The carrying values of plant and equipment are reviewed for impairment when events or changes in circumstances indicate that the carrying value may not be recoverable.

The residual value, useful life and depreciation method are reviewed at each financial year-end, and adjusted prospectively, if appropriate.

An item of plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss on derecognition of the asset is included in the profit or loss in the year the asset is derecognition.

#### **3.2 Impairment of Assets**

The carrying values of assets are reviewed for impairment when there is an indication that the assets might be impaired. Impairment is measured by comparing the carrying values of the assets with their recoverable amounts. An impairment loss is charged to the statement of income and expenditure immediately.

Subsequent increase in the recoverable amount of an asset is treated as reversal of the previous impairment loss and is recognised to the extent of the carrying amount of the asset that would have been determined (net of depreciation) had no impairment loss been recognised. The reversal is recognised in the statement of income and expenditure immediately.

#### **3.3 Receivables**

Receivables are carried at anticipated realisable values. Bad debts are written off when identified and specific allowance is made for debts considered to be doubtful of collection.



### 3. SIGNIFICANT ACCOUNTING POLICIES

#### 3.4 Payables

Payables are stated at cost which is the fair value of the consideration to be paid in the future for goods and services received.

#### 3.5 Cash and Cash Equivalents

Cash and cash equivalents comprise cash and bank balances and fixed deposits which have an insignificant risk of changes in value.

#### 3.6 Employee Benefits

##### (i) Short term employee benefits

Wages, salaries, paid annual leave and sick leave, bonuses and non monetary benefits are accrued in the period in which the associated services are rendered by the employees of the Institute.

##### (ii) Post-employment benefits

###### Defined contribution plan

The Institute's contributions to the defined contribution plan ('Employees Provident Fund') are charged to the statement of income and expenditure in the period in which they relate. Once the contributions have been paid, the Institute has no further payment obligations.

#### 3.7 Income Recognition

- (i) Entrance fees and membership subscriptions are recognised on a receipt basis.
- (ii) Fixed deposits interest are recognised on an accrual basis.
- (iii) Other income are recognised on invoicing and when transfer of risks and rewards have been completed.

### 4. EQUIPMENT

<u>2017</u>	Balance at <u>1.1.2017</u>	<u>Additions</u>	<u>(Disposals)</u>	Balance at <u>31.12.2017</u>
COST	RM	RM	RM	RM
Office equipment	10,663	1,592	-	12,255
Furniture & fittings	12,762	1,060	-	13,822
Computer & software	25,047	-	-	25,047
Signboard	5,500	-	-	5,500
Reference books	4,292	-	-	4,292
	58,264	2,652	-	60,916



## PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

<b>ACCUMULATED DEPRECIATION</b>	<b>Balance at 1.1.2017 RM</b>	<b>Current depreciation RM</b>	<b>(Disposals) RM</b>	<b>Balance at 31.12.2017 RM</b>
Office equipment	8,580	569	-	9,149
Furniture & fittings	1,276	1,382	-	2,658
Computer & software	23,485	1,510	-	24,995
Signboard	5,500	-	-	5,500
Reference books	4,290	1	-	4,291
	<u>43,131</u>	<u>3,462</u>	<u>-</u>	<u>46,593</u>

<b>NET CARRYING AMOUNT</b>	<b>2017 RM</b>	<b>2016 RM</b>
Office equipment	3,106	2,083
Furniture & fittings	11,164	11,486
Computer & software	52	1,562
Signboard	-	-
Reference books	<u>1</u>	<u>2</u>
	<u>14,323</u>	<u>15,133</u>

### 5. FIXED DEPOSITS WITH LICENSED BANKS

The interest rates and maturity periods of the fixed deposits at the statement of financial reporting date were as follows:-

	<b>2017 RM</b>	<b>2016 RM</b>
Interest rates per annum	2.70% to 3.05%	2.70% to 3.30%
Maturity periods	<u>1 to 12 months</u>	<u>1 to 12 months</u>

### 6. TAXATION

<b>Current taxation:</b>	<b>2017 RM</b>	<b>2016 RM</b>
Current year estimate	-	-
Overprovision in prior years	<u>-</u>	<u>(33)</u>
	<u>-</u>	<u>(33)</u>

The Institute is subject to income tax on scale rate in accordance with the Income Tax Act, 1967.



## **7. FINANCIAL INSTRUMENTS**

### **(a) Financial Risk Management**

The operations of the Institute are subject to a variety of financial risks, including interest rate risk, credit risk, liquidity risk and cash flow risk. The Council has formulated guidelines and policies as well as internal controls which seek to minimise the Institute's exposure to risks associated with the financing, investing and operating activities of the Institute.

### **(b) Fair Values**

In the opinion of the Council, the carrying values of financial assets and financial liabilities of the Institute as at 31 December 2017 are not materially different from their fair values due to the relatively short term nature of these financial instruments.

## **8. OTHER INFORMATION**

The number of employee in the Institute at the end of the financial year was 1 (2016 : 1).



## REPORT OF THE HONORARY TREASURER

The Statement of Receipts and Payments, Income and Expenditure together with the Balance Sheet as at 31 December 2017 are in agreement with the books and records, and in my opinion they show a true and fair view of the state of affairs of the Institution and is hereby submitted for approval at the Annual General Meeting.

Dated this 26<sup>th</sup> day of April 2018.



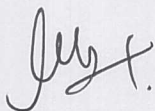
**Vergheese Aaron Mathews**  
Honorary Treasurer

## REPORT OF THE HONORARY AUDITORS

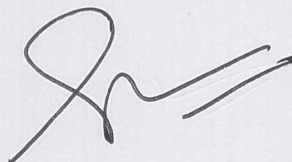
We have examined the accounting records of THE MALAYSIAN INSTITUTE OF ARBITRATORS for the year ended 31 December 2017 and have obtained all the information and explanations that we have required.

In our opinion, the accompanying Statement of Receipts and Payments, Income and Expenditure together with the Balance Sheet as at 31 December 2017 of the Institution are in agreement with the books which have been properly kept, and the accounts give a true and fair view of the state of affairs of the Institution as at 31 December 2017 and of the results for the period ended on that date.

Dated this 26<sup>th</sup> day of April 2018.



**Wong Wee Hong**  
Honorary Auditor



**Sharon Chong Tze Ying**  
Honorary Auditor