

Registration No. 197801000209

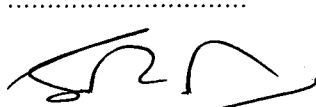
**AMERICAN MALAYSIAN CHAMBER
OF COMMERCE**

Registration No. 197801000209

(Incorporated in Malaysia and Limited by Guarantee)

**GOVERNORS' REPORT
AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020
(In Ringgit Malaysia)**

These financial statements and reports of the
Chamber with Unqualified Auditors' Report for the
year ended 31 December 2020 were circulated on

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Governor

Registration No. 197801000209

AMERICAN MALAYSIAN CHAMBER OF COMMERCE
(Incorporated in Malaysia and Limited by Guarantee)

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AMERICAN MALAYSIAN CHAMBER OF COMMERCE
(Incorporated in Malaysia and Limited by Guarantee)

GOVERNORS' REPORT

The Board of Governors of the **AMERICAN MALAYSIAN CHAMBER OF COMMERCE** ("The Chamber") have pleasure in submitting their report and the audited financial statements of the Chamber for the financial year ended 31 December 2020.

PRINCIPAL ACTIVITY

The Chamber supports member business interests and Malaysian economic growth through proactive and effective representation, communication, and information sharing. This mission is achieved by developing mutually-beneficial relationships and ongoing programs and dialogues among its members and with the Malaysian and U.S. governments.

RESULTS OF OPERATIONS

The results of operations of the Chamber for the financial year are as follows:

	RM
Profit before tax	110,257
Income tax expense	<u>(19,743)</u>
Profit for the year	<u><u>90,514</u></u>

In the opinion of the Governors, the results of operations of the Chamber during the financial year have not been substantially affected by any item, transaction, or event of a material and unusual nature.

RESERVES AND PROVISIONS

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

OTHER STATUTORY INFORMATION

Before the financial statements of the Chamber were prepared, the Governors took reasonable steps:

- (a) to ascertain that proper action had been taken in relation to the writing off of bad debts and the making of allowance for doubtful debts, and had satisfied themselves that all known bad debts had been written off and that no allowance for doubtful debts was required; and
- (b) to ensure that any current assets which were unlikely to be realised in the ordinary course of business including the value of current assets as shown in the accounting records of the Chamber had been written down to an amount which the current assets might be expected so to realise.

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

- (a) which would render the amount written off as bad debts in the financial statements of the Chamber inadequate to any substantial extent or require the setting up of allowance for doubtful debts in the financial statements of the Chamber; or
- (b) which would render the values attributed to current assets in the financial statements of the Chamber misleading; or
- (c) which have arisen which would render adherence to the existing method of valuation of assets or liabilities of the Chamber misleading or inappropriate; or
- (d) not otherwise dealt with in this report or financial statements of the Chamber which would render any amount stated in the financial statements misleading.

At the date of this Report, there does not exist:

- (a) any charge on the assets of the Chamber which has arisen since the end of the financial year which secures the liabilities of any other person; or
- (b) any contingent liability of the Chamber which has arisen since the end of the financial year.

No contingent or other liability has become enforceable or is likely to become enforceable within the year of twelve months after the end of the financial year which, in the opinion of the Governors, will or may substantially affect the ability of the Chamber to meet its obligations as and when they fall due.

In the opinion of the Governors, no item, transaction or event of a material and unusual nature has arisen in the interval between the end of the financial year and the date of this report which is likely to affect substantially the results of operations of the Chamber for the financial year in which this report is made. The Governors have assessed the impact of the COVID-19 pandemic as disclosed in Note 22 to the financial statements.

GOVERNORS

The following Governors served on the Chamber's Board since the beginning of the financial year to the date of this report

Steven Ronald Clayton
Anushia Joan Soosaipillai
Timothy Michael Garland
Dyonysius Robin Ashley Martin
P'ng Soo Hong
Chin Keat Chyuan
Edward Earl Graham
Antony Fook Weng Lee
Naeem Shahab Khan (appointed on 16.10.2020)
Ramzi Albert Toubassy (resigned on 31.3.2021)
Faizah Mohamed Amin (appointed on 15.7.2020; retired on 13.8.2020)
Ahmed Yehid Sayed Gamaleldeen (resigned on 31.3.2021)

GOVERNORS' INTERESTS AND BENEFITS

The Chamber is limited by guarantee and thus has no shares in which the Governors could have an interest. Similarly, the Chamber has not issued any debentures.

Since the end of the previous financial year, none of the Governors of the Chamber has received or become entitled to receive a benefit by reason of a contract made by the Chamber with the Governor or with a firm of which the Governor is a member, or with a Company in which the Governor has a substantial financial interest.

During and at the end of the financial year, no arrangement subsisted to which the Chamber was a party whereby the Governors of the Chamber might acquire benefits by means of the acquisition of shares in, or debentures of the Chamber or any other body corporate.

INDEMNITY AND INSURANCE FOR GOVERNORS, OFFICERS AND AUDITORS

The Chamber maintains Governors' and officers' liability insurance for purposes of Section 289 of the Companies Act 2016, throughout the year, which provides appropriate insurance cover for the Governors and officers of the Chamber. The amount of insurance premium paid during the year amounted to RM7,720. No indemnity and insurance was provided for the auditors.

AUDITORS' REMUNERATION

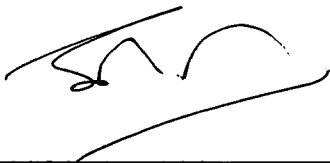
The amount paid/payable as remuneration of the auditors for the financial year ended 31 December 2020 is as disclosed in Note 7 to the financial statements.

Registration No. 197801000209

AUDITORS

The auditors, Deloitte PLT have indicated their willingness to continue in office.

Signed on behalf of the Board
in accordance with a resolution of the Governors,



STEVEN RONALD CLAYTON
ACTING CHAIRMAN



ANUSHA JOAN SOOSAIPILLAI
EXECUTIVE COMMITTEE

Kuala Lumpur, Malaysia
24 May 2021



Deloitte PLT (LLP0010145-LCA)
Chartered Accountants (AF0080)
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**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF
AMERICAN MALAYSIAN CHAMBER OF COMMERCE**
(Incorporated in Malaysia and Limited by Guarantee)

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of **AMERICAN MALAYSIAN CHAMBER OF COMMERCE** (the "Chamber"), which comprise the statement of financial position as at 31 December 2020 and the statement of profit or loss and other comprehensive income, statement of changes in fund balances and statement of cash flows of the Chamber for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information, as set out on pages 9 to 43.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Chamber as at 31 December 2020 and of its financial performance and its cash flows for the year then ended in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act, 2016 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 Company 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' *International Code of Ethics for Professional Accountants (including International Independence Standards)* ("IESBA Code"), and we have fulfilled our other ethical responsibilities in accordance with the By-Laws and the IESBA Code.

(Forward)

Information Other than the Financial Statements and Auditors' Report Thereon

The Governors of the Chamber are responsible for the other information. The other information comprises the Governors' Report but does not include the financial statements of the Chamber and our auditors' report thereon.

Our opinion on the financial statements of the Chamber does not cover the Governors' Report and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements of the Chamber, our responsibility is to read the Governors' Report and, in doing so, consider whether the Governors' Report is materially inconsistent with the financial statements of the Chamber 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 the Governors' Report, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Governors for the Financial Statements

The Governors of the Chamber are responsible for the preparation of financial statements of the Chamber that give a true and fair view in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia. The Governors are also responsible for such internal control as the Governors determine is necessary to enable the preparation of financial statements of the Chamber that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements of the Chamber, the Governors are responsible for assessing the Chamber'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 Governors either intend to liquidate the Chamber 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 Chamber 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 high level of assurance, but is not 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.

(Forward)

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 Chamber, 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 procedure that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Chamber's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Governors.
- Conclude on the appropriateness of the Governors' 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 Chamber'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 Chamber 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 Chamber to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements of the Chamber, 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 Governors 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.

(Forward)

Other Matters

This report is made solely to the members of the Chamber, as a body, in accordance with Section 266 of the Companies Act 2016 in Malaysia and for no other purpose. We do not assume responsibility towards any other person for the content of this report.



DELOITTE PLT (LLP0010145-LCA)
Chartered Accountants (AF 0080)



LAI CAN YIEW
Partner - 02179/11/2022 J
Chartered Accountant

Kuala Lumpur
24 May 2021

AMERICAN MALAYSIAN CHAMBER OF COMMERCE

(Incorporated in Malaysia and Limited by Guarantee)

**STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2020**

	Note	2020 RM	2019 RM
Revenue	5	1,237,204	1,137,029
Other income	6	1,196,657	1,423,975
Administrative expenses		(1,435,015)	(1,453,050)
Other expenses		(453,582)	(468,719)
Operating expenses		<u>(435,007)</u>	<u>(405,019)</u>
Profit before tax	7	110,257	234,216
Income tax expense	8	<u>(19,743)</u>	<u>(21,340)</u>
Net profit for the year representing total comprehensive income for the year		<u>90,514</u>	<u>212,876</u>

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

AMERICAN MALAYSIAN CHAMBER OF COMMERCE
(Incorporated in Malaysia and Limited by Guarantee)

STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2020

	Note	2020 RM	2019 RM
ASSETS			
Non-current Assets			
Property, plant and equipment	9	478,625	645,525
Right-of-use assets	10	<u>640,208</u>	<u>853,610</u>
Non-current Assets		<u>1,118,833</u>	<u>1,499,135</u>
Current Assets			
Accounts receivable	11	551,335	497,044
Other receivables, deposits and prepayments	12	97,822	105,866
Tax recoverable		-	32,161
Fixed deposits with licensed financial institutions	13 & 14	1,582,716	160,000
Cash and bank balances	14	<u>2,797,524</u>	<u>2,726,501</u>
Total Current Assets		<u>5,029,397</u>	<u>3,521,572</u>
Total Assets		<u>6,148,230</u>	<u>5,020,707</u>
FUNDS AND LIABILITIES			
Accumulated funds		2,212,245	2,121,731
Scholarship funds	15	23,912	23,912
MAEI	16	506,004	436,333
MARI	17	21,262	28,942
Pharma		100,629	100,629
FMCG		3,932	3,932
Financial services		3,146	3,146
Government Relations Committee		<u>450</u>	<u>450</u>
Total Funds		<u>2,871,580</u>	<u>2,719,075</u>

(Forward)

	Note	2020 RM	2019 RM
LIABILITIES			
Non-current Liability			
Lease liabilities	18	<u>458,303</u>	<u>671,220</u>
Current Liabilities			
Other payables and accrued charges	19	2,599,830	1,427,746
Lease liabilities	18	212,917	202,666
Tax liabilities		<u>5,600</u>	<u>-</u>
Total Current Liabilities		<u>2,818,347</u>	<u>1,630,412</u>
Total Liabilities		<u>3,276,650</u>	<u>2,301,632</u>
Total Funds and Liabilities		<u><u>6,148,230</u></u>	<u><u>5,020,707</u></u>

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

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AMERICAN MALAYSIAN CHAMBER OF COMMERCE
(Incorporated in Malaysia and Limited by Guarantee)

**STATEMENT OF CHANGES IN FUND BALANCES
FOR THE YEAR ENDED 31 DECEMBER 2020**

	Accumulated Funds RM	Scholarship Funds RM	MAEI RM	MARI RM	Pharma RM	FMCG RM	Financial Services RM	Government Relations Committee RM	Total RM
As at 1 January 2019	1,908,855	23,912	447,780	36,622	100,629	3,932	3,146	450	2,525,326
Total comprehensive profit for the year	212,876	-	-	-	-	-	-	-	212,876
Funds received during the year	-	-	75,646	-	-	-	-	-	75,646
Less: Utilisation from accumulated funds	-	-	(87,093)	(7,680)	-	-	-	-	(94,773)
As at 31 December 2019	2,121,731	23,912	436,333	28,942	100,629	3,932	3,146	450	2,719,075

(Forward)

	Accumulated Funds RM	Scholarship Funds RM	MAEI RM	MARI RM	Pharma RM	FMSG RM	Financial Services RM	Government Relations Committee RM	Total RM
As at 1 January 2020	2,121,731	23,912	436,333	28,942	100,629	3,932	3,146	450	2,719,075
Total comprehensive profit for the year	90,514	-	-	-	-	-	-	-	90,514
Funds received during the year	-	-	165,406	-	-	-	-	-	165,406
Less: Utilisation from accumulated funds	-	-	(95,735)	(7,680)	-	-	-	-	(103,415)
As at 31 December 2020	2,212,245	23,912	506,004	21,262	100,629	3,932	3,146	450	2,871,580

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

AMERICAN MALAYSIAN CHAMBER OF COMMERCE
(Incorporated in Malaysia and Limited by Guarantee)

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2020

	Note	2020 RM	2019 RM
CASH FLOWS FROM/(USED IN) OPERATING ACTIVITIES			
Profit before tax		110,257	234,216
Adjustments for:			
Depreciation of right-of-use assets		213,402	213,403
Depreciation of property, plant and equipment		188,145	182,884
Interest expense		37,334	46,873
Bad debts written off		-	18,046
Loss on disposal of property, plant and equipment		-	240
Rental concession		(18,387)	-
Interest income		(22,716)	-
Operating Profit Before Working Capital Changes		508,035	695,662
Changes in working capital:			
Other payables and accrued charges		1,172,084	(558,180)
Other receivables, deposits and prepayments		8,044	133,257
Accounts receivable		(54,291)	125,736
Cash Generated From Operating Activities		1,633,872	396,475
Tax refunded		46,352	-
Income tax paid		(28,334)	(577)
Net Cash From Operating Activities		1,651,890	395,898
CASH FLOWS USED IN INVESTING ACTIVITIES			
Additions to property, plant and equipment		(21,245)	(96,254)
Fixed deposit placed in financial institutions		(1,400,000)	-
Net Cash Used In Investing Activities		(1,421,245)	(96,254)

(Forward)

	Note	2020 RM	2019 RM
CASH FLOWS FROM/(USED IN) FINANCING ACTIVITIES			
MAEI – net		69,671	(11,447)
MARI – net		(7,680)	(7,680)
Interest expense on leases		(37,334)	(46,873)
Repayment of lease liabilities		<u>(184,279)</u>	<u>(193,127)</u>
Net Cash Used In Financing Activities		<u>(159,622)</u>	<u>(259,127)</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS		71,023	40,517
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR		<u>2,726,501</u>	<u>2,685,984</u>
CASH AND CASH EQUIVALENTS AT END OF YEAR	14	<u><u>2,797,524</u></u>	<u><u>2,726,501</u></u>

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

AMERICAN MALAYSIAN CHAMBER OF COMMERCE
(Incorporated in Malaysia and Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS

1. GENERAL INFORMATION

The Chamber supports member business interests and Malaysian economic growth through proactive and effective representation, communication, and information sharing. This mission is achieved by developing mutually-beneficial relationships and ongoing programs and dialogues among its members and with the Malaysian and U.S. governments.

The principal place of business of the Chamber is located at Level 10, Bangunan Faber Imperial Court, Jalan Sultan Ismail, 50250 Kuala Lumpur.

The financial statements of the Chamber were authorised for issue by the Board of Governors in accordance with a resolution of Governors on 24 May 2021.

2. BASIS OF PREPARATION OF FINANCIAL STATEMENTS

The financial statements of the Chamber have been prepared in accordance with Malaysian Financial Reporting Standards ("MFRS"), International Financial Reporting Standards ("IFRS") and the requirements of Companies Act 2016 in Malaysia.

Application of New and Revised Malaysian Financial Reporting Standards, Amendments to MFRS and Issue Committee Interpretations ("IC Interpretations")

In the current financial year, the Chamber have adopted all the new and revised MFRSs, amendments to MFRSs and IC interpretations issued by the Malaysian Accounting Standards Board ("MASB") that are effective for annual periods beginning on or after 1 January 2020.

Amendments to MFRS 3	<i>Definition of a Business</i>
Amendments to MFRS 101 and MFRS 108	<i>Definition of Material</i>
Amendments to MFRS 9, MFRS 139 and MFRS 7	<i>Interest Rate Benchmark Reform</i>
Amendment to MFRS 16	<i>COVID-19 Related Rent Concessions</i>
MFRSs	<i>Amendments to References to the Conceptual Framework in MFRS Standards</i>

The adoption of these new and revised MFRSs, amendments to MFRSs and IC interpretations did not result in significant changes in the accounting policies of the Chamber and has no significant effect on the financial performance or position of the Chamber except as disclosed below:

Impact of the initial application of Covid-19-Related Rent Concessions Amendment to MFRS 16

In June 2020, the MASB issued Covid-19-Related Rent Concessions (Amendment to MFRS 16) that provides practical relief to lessees in accounting for rent concessions occurring as a direct consequence of COVID-19, by introducing a practical expedient to MFRS 16. The practical expedient permits a lessee to elect not to assess whether a COVID-19-related rent concession is a lease modification. A lessee that makes this election shall account for any change in lease payments resulting from the COVID-19-related rent concession the same way it would account for the change applying MFRS 16 if the change were not a lease modification.

The practical expedient applies only to rent concessions occurring as a direct consequence of COVID-19 and only if all of the following conditions are met:

- (a) The change in lease payments results in revised consideration for the lease that is substantially the same as, or less than, the consideration for the lease immediately preceding the change;
- (b) Any reduction in lease payments affects only payments originally due on or before 30 June 2021 (a rent concession meets this condition if it results in reduced lease payments on or before 30 June 2021 and increased lease payments that extend beyond 30 June 2021); and
- (c) There is no substantive change to other terms and conditions of the lease.

In the current financial year, the Chamber has applied the amendment to MFRS 16 (as issued by the MASB in June 2020) in advance of its effective date.

Impact on accounting for changes in lease payments applying the exemption

The Chamber has applied the practical expedient retrospectively to all rent concessions that meet the conditions in MFRS 16:46B, and has not restated prior period figures.

The Chamber has benefited from a 2 month waiver of lease payments on office building in Faber Imperial Court. The waiver of lease payments of RM18,387 in the period 18 March 2020 to 12 May 2020 has been accounted for as a negative variable lease payment in profit or loss as disclosed in Note 18 to the financial statements. The Chamber has derecognised the part of the lease liability that has been extinguished by the forgiveness of lease payments, consistent with the requirements of MFRS 9:3.3.1. The Chamber continued to recognise interest expense on the lease liability.

Standards, Amendments and IC Interpretations in Issue But Not Yet Effective

At the date of authorisation for issue of these financial statements, the new MFRSs, amendments to MFRSs and IC Interpretations which were in issue but not yet effective and not early adopted by the Company are as listed below:

Amendments to MFRS 9, MFRS 139, MFRS 7, MFRS 4 and MFRS 16	<i>Interest Rate Benchmark Reform-Phase 2¹</i>
Amendments to MFRS 16	<i>COVID-19 - Related Rent Concessions beyond 30 June 2021²</i>
Amendments to MFRSs	<i>Annual Improvements to MFRS Standards 2018 - 2020³</i>
Amendments to MFRS 3	<i>Reference to Conceptual Framework³</i>
Amendments to MFRS 116	<i>Property, Plant and Equipment-Proceeds before Intended Use³</i>
Amendments to MFRS 137	<i>Onerous Contracts - Costs of Fulfilling a Contract³</i>
MFRS 17	<i>Insurance Contracts⁴</i>
Amendments to MFRS 4	<i>Extension of the Temporary Exemption from Applying MFRS 9⁴</i>
Amendments to MFRS 101	<i>Classification of Liabilities as Current or Non-current and Disclosure of Accounting Policies⁴</i>
Amendments to MFRS 108	<i>Definition of Accounting Estimates⁴</i>
Amendments to MFRS 10 and MFRS 128	<i>Sale or Contribution of Assets between an Investor and its Associate or Joint Venture⁵</i>

¹ Effective for annual periods beginning on or after 1 January 2021.

² Effective for annual periods beginning on or after 1 April 2021.

³ Effective for annual periods beginning on or after 1 January 2023.

⁴ Effective for annual periods beginning on or after 1 January 2023.

⁵ Effective date deferred to a date to be announced by MASB.

The Governors anticipate that the abovementioned Standards, Amendments and IC Interpretation will be adopted in the annual financial statements of the Chamber when they become effective and that the adoption of these Standards, Amendments and IC Interpretation will have no material impact on the financial statements of the Chamber in the period of initial application.

3. SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting

The financial statements of the Chamber have been prepared using cost basis (which includes historical cost and amortised cost). Historical cost is generally based on their fair value on the consideration given in exchange for assets.

Revenue Recognition

Revenue is measured based on the consideration specified in a contract with customers. The Chamber recognised revenue when or as a performance obligation in the contract with customer is satisfied, i.e. when the “control” of the services underlying the particular performance obligation is transferred to the customer.

A performance obligation is a promise to transfer a distinct services (or a series of distinct services that are substantially the same and that have the same pattern of transfer) to the customer that is explicitly stated in the contract and implied in the Chamber’s customary business practices.

Revenue is measured at the amount of consideration to which the Chamber expects to be entitled in exchange for transferring the promised services to the customers, excluding amounts collected on behalf of third parties such as sales taxes or goods and services taxes. If the amount of consideration varies due to discounts, rebates, refunds, credits, incentives, penalties or other similar items, the Chamber estimates the amount of consideration to which it will be entitled based on the expected value or the most likely outcome. If the contract with customer contains more than one performance obligation, the amount of consideration is allocated to each performance obligation based on the relative stand-alone selling prices of the services promised in the contract.

The revenue is recognised to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognised will not occur when the uncertainty associated with the variable consideration is subsequently resolved.

Revenue for performance obligation that is not satisfied over time is recognised at the point in time at which the customer obtains control of the promised services.

Subscription fees are recognised as income in the period which it relates to.

Admission fees are recognised as income in the year of admission.

Foreign Currency Conversion

The financial statements of the Chamber are presented in the currency of the primary economic environment in which the Chamber operates (its functional currency).

In preparing the financial statements of the Chamber, transactions in currencies other than the Chamber’s functional currency (foreign currencies) are recognised at the rates of exchange prevailing at the dates of the transactions. At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing at the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences arising on the settlement of monetary items, and on the retranslation of monetary items, are included in profit or loss for the year. Exchange differences arising on the retranslation of non-monetary items carried at fair value are included in profit or loss for the year except for differences arising on the retranslation of non-monetary items in respect of which gains and losses are recognised directly in other comprehensive income. For such non-monetary items, any exchange component of that gain or loss is also recognised directly in other comprehensive income.

Income Tax

Income tax expense represents the sum of the tax currently payable and deferred tax.

Current Tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit as reported in the statement of profit or loss because of items of income or expense that are taxable or deductible in other years and items that are never taxable or deductible. The Chamber's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

Deferred Tax

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary differences, unused tax losses and unused tax credits to the extent that it is probable that sufficient future taxable profits will be available against which those deductible temporary differences, unused tax losses and unused tax credits can be utilised.

The carrying amount of deferred tax assets, if any, is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient future taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year in which the liability is settled or the asset is realised, based on tax rates (and tax laws) that have been enacted or substantively enacted at the end of the reporting period. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Chamber expects, at the end of the reporting period, to recover or to settle the carrying amount of its assets and liabilities.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Chamber intends to settle its current tax assets and liabilities on a net basis.

Property, Plant, and Equipment and Depreciation

Property, plant, and equipment are stated at cost less accumulated depreciation.

The carrying amounts of property, plant, and equipment are reviewed at the end of each reporting period to determine whether there is any indication of impairment. An impairment loss is recognised whenever the carrying amount of an item of property, plant and equipment exceeds its recoverable amount. The impairment loss is charged to the statement of profit or loss.

Depreciation of property, plant and equipment is computed on the straight-line method at the following annual rates based on the estimated useful lives of the various assets:

Office equipment	30%
IT equipment	30%
Furniture and fittings	20%
Electrical equipment	30%
Renovations	20%

The residual values, useful life and depreciation method are reviewed at the end of financial period to ensure that the amount, method and year of depreciation are consistent with previous estimates and the expected pattern of consumption of the future economic benefits embodied in the item of property, plant and equipment.

Any gain or loss arising from on the disposal of an item of property, plant and equipment is determined as the difference between the sale proceeds and the carrying amount of the asset and is recognised in the statement of profit or loss.

Provisions

Provisions are made when the Chamber has a present legal or constructive obligation as a result of past events, when it is probable that an outflow of resources will be required to settle the obligation, and when a reliable estimate of the amount can be made.

Provisions are reviewed at the end of each reporting period and adjusted to reflect the current best estimate. Where the effect of the time value of money is material, the amount of a provision is the present value of the expenditure expected to be required to settle the obligation.

Leases

(a) The Chamber as lessor

Leases for which the Chamber is a lessor are classified as finance or operating leases. Whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee, the contract is classified as a finance lease. All other leases are classified as operating leases.

When the Chamber is an intermediate lessor, it accounts for the head lease and the sublease as two separate contracts. The sublease is classified as a finance or operating lease by reference to the right-of-use asset arising from the head lease.

Rental income from operating leases is recognised on a straight-line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised on a straight-line basis over the lease term.

Amounts due from lessees under finance leases are recognised as receivables at the amount of the Chamber's net investment in the leases. Finance lease income is allocated to accounting periods so as to reflect a constant periodic rate of return on the Chamber's net investment outstanding in respect of the leases.

When a contract includes lease and non-lease components, the Chamber applies MFRS 15 to allocate the consideration under the contract to each component.

(b) The Chamber as lessee

The Chamber assesses whether a contract is or contains a lease, at inception of the contract and recognises right-of-use assets and lease liabilities at commencement date.

The lease liability is initially measured at the present value of the lease payments, which comprise the fixed lease payments that are not paid at the commencement date, discounted by using the rate implicit in the lease. If this rate cannot be readily determined, the Chamber uses its incremental borrowing rate.

The lease liability is subsequently measured by increasing the carrying amount to reflect interest on the lease liability (using the effective interest method) and by reducing the carrying amount to reflect the lease payments made.

The right-of-use assets comprise the initial measurement of the corresponding lease liability, lease payments made at or before the commencement day, less any lease incentives received and any initial direct costs. They are subsequently measured at cost less accumulated depreciation and impairment losses.

Right-of-use assets are depreciated over the shorter period of lease term and useful life of the underlying asset at the commencement date and the Chamber applies MFRS 136 to determine whether a right-of-use asset is impaired. The Chamber's right-of-use assets consist of premises as disclosed in Note 10.

Employees Benefits

(i) Short-term benefits

Wages, salaries, paid annual leave, bonuses and social contributions are recognised in the year in which the associated services are rendered by employees of the Chamber. The short-term accumulating compensated absences such as paid annual leave are recognised when services are rendered by the employees that increase their entitlement to future compensated absences. Short term non-accumulating compensated absences such as sick leave are recognised when the absences occur.

(ii) Defined contribution plan

The Chamber is required by law to make monthly contributions to the Employees Provident Fund ("EPF"), a statutory defined contribution plan for all its eligible employees based on certain prescribed rates of the employees' salaries. Once the contributions have been paid, the Chamber has no further obligations.

Impairment of Non-financial Assets

At the end of each reporting period, the Chamber reviews the carrying amounts of assets (other than financial assets, which are dealt with in their respective policies) to determine if there is any indication that those assets may be impaired. If any such indication exists, the asset's recoverable amount, which is the higher of fair value less costs to sell and value in use, is estimated. 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.

Whenever the carrying amount of an asset exceeds its recoverable amount, an impairment loss is recognised in profit or loss, unless the asset is carried at revalued amount, in which case, the impairment loss is treated as a revaluation decrease.

An impairment loss is only reversed in the statement of profit or loss to the extent the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised. A reversal is recognised in the statement of profit or loss, unless it reverses an impairment loss on revalued assets, in which case, the reversal is treated as a revaluation increase.

Financial Assets

All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace

All recognised financial assets are measured subsequently in their entirety at either amortised cost or fair value, depending on the classification of the financial assets.

Classification of financial assets

Debt instruments that meet the following conditions are measured subsequently at amortised cost:

- the financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Debt instruments that meet the following conditions are measured subsequently at fair value through other comprehensive income (FVTOCI):

- the financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling the financial assets; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

By default, all other financial assets are measured subsequently at fair value through profit or loss (FVTPL).

Despite the foregoing, the Chamber may make the following irrevocable election/designation at initial recognition of a financial asset:

- the Chamber may irrevocably elect to present subsequent changes in fair value of an equity investment in other comprehensive income if certain criteria are met; and
- the Chamber may irrevocably designate a debt investment that meets the amortised cost or FVTOCI criteria as measured at FVTPL if doing so eliminates or significantly reduces an accounting mismatch.

Amortised cost and effective interest method

The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating interest income over the relevant period.

For financial assets other than purchased or originated credit-impaired financial assets (i.e. assets that are credit-impaired on initial recognition), the effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) excluding expected credit losses, through the expected life of the debt instrument, or, where appropriate, a shorter period, to the gross carrying amount of the debt instrument on initial recognition. For purchased or originated credit-impaired financial assets, a credit-adjusted effective interest rate is calculated by discounting the estimated future cash flows, including expected credit losses, to the amortised cost of the debt instrument on initial recognition.

The amortised cost of a financial asset is the amount at which the financial asset is measured at initial recognition minus the principal repayments, plus the cumulative amortisation using the effective interest method of any difference between that initial amount and the maturity amount, adjusted for any loss allowance. The gross carrying amount of a financial asset is the amortised cost of a financial asset before adjusting for any loss allowance. The financial assets measured at amortised cost includes account and other receivables and cash and cash equivalents.

Foreign exchange gains and losses

The carrying amount of financial assets that are denominated in a foreign currency is determined in that foreign currency and translated at the spot rate at the end of each reporting period. Specifically for financial assets measured at amortised cost that are not part of a designated hedging relationship, exchange differences are recognised in the statement of profit or loss.

Impairment of Financial Assets

Impairment of financial assets

The Chamber recognises a loss allowance for expected credit losses ("ECL") on trade receivables that are measured at amortised cost. The amount of expected credit losses is updated at the end of each reporting period to reflect changes in credit risk since initial recognition of the respective financial instrument.

The Chamber always recognises lifetime ECL for trade receivables. The expected credit losses on these financial assets are estimated based on the Chamber's historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current as well as the forecast direction of conditions at the reporting date, including time value of money where appropriate.

For all other financial instruments, the Chamber recognises lifetime ECL when there has been a significant increase in credit risk since initial recognition. However, if the credit risk on the financial instrument has not increased significantly since initial recognition, the Chamber measures the loss allowance for that financial instrument at an amount equal to 12-month ECL.

Lifetime ECL represents the expected credit losses that will result from all possible default events over the expected life of a financial instrument. In contrast, 12-month ECL represents the portion of lifetime ECL that is expected to result from default events on a financial instrument that are possible within 12 months after the end of the reporting period.

(i) *Significant increase in credit risk*

In assessing whether the credit risk on a financial instrument has increased significantly since initial recognition, the Chamber compares the risk of a default occurring on the financial instrument at the end of the reporting period with the risk of a default occurring on the financial instrument at the date of initial recognition. In making this assessment, the Chamber considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort. Forward-looking information considered includes the future prospects of the industries in which the Chamber's debtors operate, obtained from economic expert reports, financial analysts, governmental bodies, relevant think-tanks and other similar organisations, as well as consideration of various external sources of actual and forecast economic information that relate to the Chamber's core operations.

In particular, the following information is taken into account when assessing whether credit risk has increased significantly since initial recognition:

- an actual or expected significant deterioration in the financial instrument's external (if available) or internal credit rating;
- significant deterioration in external market indicators of credit risk for a particular financial instrument, e.g. a significant increase in the credit spread, the credit default swap prices for the debtor, or the length of time or the extent to which the fair value of a financial asset has been less than its amortised cost;
- existing or forecast adverse changes in business, financial or economic conditions that are expected to cause a significant decrease in the debtor's ability to meet its debt obligations;
- an actual or expected significant deterioration in the operating results of the debtor;
- significant increases in credit risk on other financial instruments of the same debtor;
- an actual or expected significant adverse change in the regulatory, economic, or technological environment of the debtor that results in a significant decrease in the debtor's ability to meet its debt obligations.

Irrespective of the outcome of the above assessment, the Chamber presumes that the credit risk on a financial asset has increased significantly since initial recognition when contractual payments are more than 90 days past due, unless the Chamber has reasonable and supportable information that demonstrates otherwise.

Despite the foregoing, the Chamber assumes that the credit risk on a financial instrument has not increased significantly since initial recognition if the financial instrument is determined to have low credit risk at the end of the reporting period. A financial instrument is determined to have low credit risk if:

- The financial instrument has a low risk of default,
- The debtor has a strong capacity to meet its contractual cash flow obligations in the near term, and
- Adverse changes in economic and business conditions in the longer term may, but will not necessarily, reduce the ability of the borrower to fulfil its contractual cash flow obligations.

The Chamber considers a financial asset to have low credit risk when the asset has external credit rating of 'investment grade' in accordance with the globally understood definition or if an external rating is not available, the asset has an internal rating of 'performing'. Performing means that the counterparty has a strong financial position and there is no past due amounts.

The Chamber regularly monitors the effectiveness of the criteria used to identify whether there has been a significant increase in credit risk and revises them as appropriate to ensure that the criteria are capable of identifying significant increase in credit risk before the amount becomes past due.

(ii) Definition of default

The Chamber considers the following as constituting an event of default for internal credit risk management purposes as historical experience indicates that financial assets that meet either of the following criteria are generally not recoverable:

- when there is a breach of financial covenants by the debtor; or
- information developed internally or obtained from external sources indicates that the debtor is unlikely to pay its creditors, including the Chamber, in full.

Irrespective of the above analysis, the Chamber considers that default has occurred when a financial asset is more than 90 days past due unless the Chamber has reasonable and supportable information to demonstrate that a more lagging default criterion is more appropriate.

(iii) Credit-impaired financial assets

A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of that financial asset have occurred. Evidence that a financial asset is credit-impaired includes observable data about the following events:

- significant financial difficulty of the issuer or the borrower;
- the lender(s) of the borrower, for economic or contractual reasons relating to the borrower's financial difficulty, having granted to the borrower a concession(s) that the lender(s) would not otherwise consider;
- it is becoming probable that the borrower will enter bankruptcy or other financial reorganisation; or
- the disappearance of an active market for that financial asset because of financial difficulties.

(iv) Write-off policy

The Chamber writes off a financial asset when there is information indicating that the debtor is in severe financial difficulty and there is no realistic prospect of recovery, e.g. when the debtor has been placed under liquidation or has entered into bankruptcy proceedings, or in the case of trade receivables, when the amounts are over two years past due and with reasonable probability of non-recoverability, whichever occurs sooner. Financial assets written off may still be subject to enforcement activities under the Chamber's recovery procedures, taking into account legal advice where appropriate. Any recoveries made are recognised in profit or loss.

(v) Measurement and recognition of expected credit losses

The measurement of expected credit losses is a function of the probability of default, loss given default (i.e. the magnitude of the loss if there is a default) and the exposure at default. The assessment of the probability of default and loss given default is based on historical data adjusted by forward-looking information as described above. As for the exposure at default, this is represented by the assets' gross carrying amount at the end of the reporting period; the Chamber's understanding of the specific future financing needs of the debtors, and other relevant forward-looking information.

For financial assets, the expected credit loss is estimated as the difference between all contractual cash flows that are due to the Chamber in accordance with the contract and all the cash flows that the Chamber expects to receive, discounted at the original effective interest rate. If the Chamber measures the loss allowance for a financial instrument at an amount equal to lifetime ECL in the previous reporting period, but determines at the current reporting date that the conditions for lifetime ECL are no longer met, the Chamber measures the loss allowance at an amount equal to 12-month ECL at the current reporting date, except for assets for which simplified approach was used.

Financial liabilities

Financial liabilities are classified according to the substance of the contractual arrangements entered into and the definitions of a financial liability.

Financial liabilities, within the scope of MFRS 139 and MFRS 9, are recognised in the statement of financial position when, and only when, the Chamber becomes a party to the contractual provisions of the financial instrument.

The Chamber's financial liabilities include accounts payable, other payables and accrued charges which are classified as at amortised cost.

Other payables and accrued charges are recognised initially at fair value plus directly attributable transaction costs and subsequently measured at amortised cost using the effective interest method.

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant year. The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability, or a shorter year, to the net carrying amount on initial recognition.

Gains and losses are recognised in the statement of profit or loss when the liabilities are derecognised, and through the amortisation process.

A financial liability is derecognised when the obligation under the liability is extinguished. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in the statement of profit or loss.

Statement of Cash Flows

The Chamber adopts the indirect method in the preparation of the statement of the cash flows.

Cash equivalents are short-term, highly-liquid investments with maturities of three months or less from the date of acquisition and are readily convertible to cash with insignificant changes in value.

4. **CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY**

(i) **Critical Judgements in Applying the Chamber's Accounting Policies**

In the process of applying the Chamber's accounting policies, which are described in Note 3, the management is of the opinion that there are no instances of application of judgement which are expected to have a significant effect on the amounts recognised in the financial statements.

(ii) **Key Sources of Estimation Uncertainty**

Management believes that there are no key assumptions made concerning the future, and other key sources of estimation uncertainty at the end of the reporting year, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities of the Chamber within the next financial year, other than as follows:

Estimated useful lives of property, plant and equipment

The Chamber regularly reviews the estimated useful lives of property, plant and equipment based on factors such as business plan and strategies, expected level of usage and future technological developments. Future results of operations could be materially affected by changes in these estimates brought about by changes in the factors mentioned above. A reduction in the estimated useful lives of property, plant and equipment would increase the recorded depreciation and decrease the value of property, plant and equipment.

5. REVENUE

Revenue consist of the following:

	2020 RM	2019 RM
Subscriptions	1,178,204	1,110,029
Admission fees	<u>59,000</u>	<u>27,000</u>
	<u>1,237,204</u>	<u>1,137,029</u>

In accordance with MFRS 15, the Chamber recognises its revenue based on the timing detailed below:

	2020 RM	2019 RM
Timing of revenue recognition		
Over time	1,178,204	1,110,029
At a point in time	<u>59,000</u>	<u>27,000</u>
	<u>1,237,204</u>	<u>1,137,029</u>

The Chamber expects revenue of RM2,003,480 (2019: RM1,046,409) from unsatisfied performance obligations to be recognised in the next financial year.

6. OTHER INCOME

	2020 RM	2019 RM
Programs	968,512	1,251,773
Publications	68,700	44,200
Committees - share of expenses	55,776	55,776
Interest on fixed deposit	22,716	-
Other revenue	<u>80,953</u>	<u>72,226</u>
	<u>1,196,657</u>	<u>1,423,975</u>

7. PROFIT BEFORE TAX

The following amounts have been included in arriving at profit before tax.

	2020 RM	2019 RM
After charging:		
Staff costs	1,402,969	1,331,204
Depreciation of right-of-use assets (Note 10)	213,402	213,403
Depreciation of property, plant and equipment (Note 9)	188,145	182,884
Interest expense (Note 18)	37,334	46,873
Auditors' remuneration	10,277	10,327
Realised loss on foreign exchange	1,675	2,703
Bad debts written off (Note 11)	-	18,046
Loss on disposal of property, plant and equipment	-	240
Rental concession (Note 18)	(18,387)	-
Interest income	<u>(22,716)</u>	<u>-</u>

Included in staff costs are total contributions made to EPF by the Chamber of RM139,375 (2019: RM117,423).

8. INCOME TAX EXPENSE

	2020 RM	2019 RM
Estimated tax payable		
Current year	11,820	15,120
Underprovision in prior year	<u>7,923</u>	<u>6,220</u>
	<u>19,743</u>	<u>21,340</u>

A reconciliation of tax expense applicable to profit before tax at the applicable statutory income tax rate to tax expense at the effective income tax rate of the Chamber is as follows:

	2020 RM	2019 RM
Profit before tax	<u>110,257</u>	<u>234,216</u>
Tax at applicable rates:		
RM5,001 to RM20,000 at 1%	150	150
RM20,001 to RM35,000 at 3%	450	450
RM35,001 to RM50,000 at 8%	1,200	1,200
RM50,001 to RM70,000 at 14%	2,800	2,800
RM70,001 to RM100,000 at 21%	6,300	6,300
RM100,001 to RM250,000 at 24%	2,462	32,212
Income not taxable	(1,542)	(27,992)
Underprovision in prior year	<u>7,923</u>	<u>6,220</u>
Income tax expense	<u>19,743</u>	<u>21,340</u>

The Chamber is entitled to an exemption granted under Income Tax (Exemption) (No.19) Order 2005 which grants limited exemption to subscription income received.

9. **PROPERTY, PLANT AND EQUIPMENT**

Cost	Office Equipment RM	IT Equipment RM	Furniture and Fittings RM	Electrical Equipment RM	Renovations RM	Total RM
As at 1 January 2019	41,355	136,332	43,207	71,748	577,210	869,852
Additions	1,680	22,943	41,559	3,270	26,802	96,254
Disposals	(600)	-	-	-	-	(600)
As at 31 December 2019/ 1 January 2020	42,435	159,275	84,766	75,018	604,012	965,506
Additions	1,797	-	10,248	9,200	-	21,245
As at 31 December 2020	44,232	159,275	95,014	84,218	604,012	986,751

(Forward)

	Office Equipment RM	IT Equipment RM	Furniture and Fittings RM	Electrical Equipment RM	Renovations RM	Total RM
Accumulated Depreciation						
As at 1 January 2019	21,586	92,439	4,736	9,076	9,620	137,457
Charge for the year	6,255	19,697	15,695	20,713	120,524	182,884
Disposals	(360)	-	-	-	-	(360)
As at 31 December 2019/ 1 January 2020	27,481	112,136	20,431	29,789	130,144	319,981
Charge for the year	6,299	21,935	18,533	20,576	120,802	188,145
As at 31 December 2020	33,780	134,071	38,964	50,365	250,946	508,126
Net Book Value						
As at 31 December 2020	10,452	25,204	56,050	33,853	353,066	478,625
As at 31 December 2019	14,954	47,139	64,335	45,229	473,868	645,525

Included in property, plant and equipment of the Chamber are fully depreciated assets which are still in use, with a cost of approximately RM121,522 (2019: RM112,260).

10. **RIGHT-OF-USE ASSETS**

	2020 RM	2019 RM
Cost		
As at 1 January	1,067,013	-
Effect of adoption of MFRS 16	-	1,067,013
	<hr/>	<hr/>
As at 31 December	1,067,013	1,067,013
	<hr/>	<hr/>
Accumulated Depreciation		
As at 1 January	213,403	-
Charge for the year (Note 7)	213,402	213,403
	<hr/>	<hr/>
As at 31 December	426,805	213,403
	<hr/>	<hr/>
Net Book Value		
As at 31 December	640,208	853,610
	<hr/>	<hr/>

The Chamber's leases are for office premises and the lease term is 3 years with an option for extension of 2 years. The maturity analysis of lease liabilities is presented in Note 18.

During the year, the total cash outflow for leases amounted to RM221,613 (2019: RM240,000) (Note 18).

Amounts recognised in the statement of profit and loss (Note 7)

	2020 RM	2019 RM
Depreciation expense on right-of-use assets	213,402	213,403
Interest expense on lease liabilities	37,334	46,873
	<hr/>	<hr/>

11. **ACCOUNTS RECEIVABLE**

	2020 RM	2019 RM
Accounts receivable	551,335	515,090
Less: Bad debts written off (Note 7)	-	(18,046)
	<hr/>	<hr/>
	551,335	497,044
	<hr/>	<hr/>

Accounts receivable comprise mainly amounts receivable for subscription fee. The credit period granted is 30 days (2019: 30 days).

The Chamber's historical experience in collection of accounts receivable falls within the recorded credit period and the Governors believe that no additional credit risk for collection losses is inherent in the Chamber's accounts receivable.

Accounts receivable include amounts (see below for aged analysis) that are past due at the end of the reporting period but against which the Chamber has not recognised an allowance for doubtful debts because there has not been a significant change in credit quality and the amounts are still considered recoverable. The Chamber does not hold any collateral or other credit enhancements over these balances.

The table below is an analysis of accounts receivable at the end of the reporting year:

	2020 RM	2019 RM
Neither past due nor impaired	240,241	303,904
Past due but not impaired	<u>311,094</u>	<u>193,140</u>
	<u>551,335</u>	<u>497,044</u>
Aging of past due but not impaired:		
31 days to 60 days	218,350	166,264
61 days to 90 days	15,050	5,785
More than 90 days	<u>77,694</u>	<u>21,091</u>
	<u>311,094</u>	<u>193,140</u>

The Chamber measures the loss allowance for the trade receivables at an amount equal to lifetime ECL. The expected credit losses on trade receivables are estimated by using reference to past default experience of the debtor at the reporting date. The Governors have assessed the loss allowance and the trade receivables have immaterial exposure to credit risk and ECLs.

12. OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

	2020 RM	2019 RM
Other receivables	9,297	9,297
Refundable deposits	83,001	94,812
Prepaid expenses	<u>5,524</u>	<u>1,757</u>
	<u>97,822</u>	<u>105,866</u>

13. FIXED DEPOSITS WITH LICENSED FINANCIAL INSTITUTIONS

Included under fixed deposits with licensed financial institutions is an amount of RM160,000 (2019: RM160,000) held in trust for the Malaysian American Electronics Industry ("MAEI").

The fixed deposits earn interest at rates ranging from 0.80% to 3.30% (2019: 2.20% to 2.40%) per annum.

14. CASH AND CASH EQUIVALENTS

	2020 RM	2019 RM
Cash on hand	2,284	2,284
Cash at banks	2,795,240	2,724,217
Fixed deposits with financial institutions	<u>1,582,716</u>	<u>160,000</u>
Cash and bank balances	4,380,240	2,886,501
Less: Short-term deposits	(1,422,716)	-
Deposits held in trust for MAEI	<u>(160,000)</u>	<u>(160,000)</u>
Cash and cash equivalents	<u>2,797,524</u>	<u>2,726,501</u>

15. SCHOLARSHIP FUNDS

This amount represents the balance of contributions made voluntarily by members solely for the purpose of funding Malaysian students studying in the United States of America.

16. MAEI

The MAEI committee supports member companies in the electronics industry with aims to enhance members-government relations and advocate improvements needed to elevate the competitiveness of the Electrical and Electronics industry.

17. MARI

The MARI ("Malaysia Alternative and Renewable Industry") committee aims to create a knowledge-based work force in Malaysia on the Renewable Energy supply chain by working with the Malaysian Government through the formation and implementation of effective policies. It also promotes the deployment of renewable energy in Malaysia to enhance Malaysia's global competitiveness through innovative economies and policies, based on knowledge, creativity, and green technology such that they become a significant contributor to Malaysia's Gross Domestic Product (GDP).

18. LEASE LIABILITIES

	2020 RM	2019 RM
As at 1 January	873,886	-
Effect of adoption of MFRS 16	-	1,067,013
Interest expense (Note 7)	37,334	46,873
Rental concession (Note 7)	(18,387)	-
Payment of lease liabilities	<u>(221,613)</u>	<u>(240,000)</u>
As at 31 December	<u>671,220</u>	<u>873,886</u>

The minimum lease payments for the lease liabilities are payable as follows:

2020

	Future minimum lease payments RM	Interest RM	Present value of minimum lease payments RM
Less than one year	240,000	(27,083)	212,917
Between one to five years	<u>480,000</u>	<u>(21,697)</u>	<u>458,303</u>
	<u>720,000</u>	<u>(48,780)</u>	<u>671,220</u>

2019

Less than one year	240,000	(37,334)	202,666
Between one to five years	<u>720,000</u>	<u>(48,780)</u>	<u>671,220</u>
	<u>960,000</u>	<u>(86,114)</u>	<u>873,886</u>

	2020 RM	2019 RM
Non-current	212,917	202,666
Current	<u>458,303</u>	<u>671,220</u>
At 31 December	<u>671,220</u>	<u>873,886</u>

19. **OTHER PAYABLES AND ACCRUED CHARGES**

Other payables and accrued charges consist of:

	2020 RM	2020 RM
Fees received in advance	2,236,730	1,070,159
Other payables	363,100	357,587
	<u>2,599,830</u>	<u>1,427,746</u>

20. **FINANCIAL INSTRUMENTS AND RISK MANAGEMENT**

The Chamber's financial risk management policy seeks to ensure that adequate financial resources are available for the development of the Chamber's businesses whilst managing its liquidity risk and credit risk. The Governors review and agree policies for managing each of these risks and they are summarised below. It is, and has been throughout the year under review, the Chamber's policy that no trading in derivative financial instruments shall be undertaken.

(a) **Significant accounting policies**

Details of the significant accounting policies and methods adopted, the basis of measurement, and the basis for recognition of income and expenses) for each class of financial asset and financial liability are disclosed in Note 3.

(b) **Categories of financial instruments**

	2020 RM	2019 RM
Financial assets at amortised cost		
Accounts receivable	551,335	497,044
Other receivables and deposits	92,298	104,109
Fixed deposits with licensed financial institutions	1,582,716	160,000
Cash and bank balances	<u>2,797,524</u>	<u>2,726,501</u>
Financial liabilities at amortised cost		
Other payables and accrued charges	2,599,830	1,427,746
Lease liabilities	<u>671,220</u>	<u>873,886</u>

(c) **Liquidity management**

Liquidity risk is the risk the Chamber will encounter difficulty in meeting financial obligations due to shortage of funds. The Chamber's exposure to liquidity risk arises from mismatches of financial assets and financial liabilities.

The Chamber actively manages its debt maturity profile, operating cash flows and the availability of funding so as to ensure that all refinancing, repayment and funding needs are met. The Chamber practices prudent liquidity risk management to minimise the mismatch of financial assets and financial liabilities.

Analysis of financial instruments by remaining contractual maturities

The table below summarises the maturity profile of the Chamber's liabilities at the end of the reporting period based on contractual undiscounted repayment obligations:

	On demand or within one year RM	One to five years RM	Total RM
2020			
Financial liabilities:			
Lease liabilities	240,000	480,000	720,000
Other payables and accrued charges	2,599,830	-	2,599,830
Total undiscounted financial liabilities	<u>2,839,830</u>	<u>480,000</u>	<u>2,839,830</u>
2019			
Financial liabilities:			
Lease liabilities	240,000	720,000	960,000
Other payables and accrued charges	1,427,746	-	1,427,746
Total undiscounted financial liabilities	<u>1,667,746</u>	<u>720,000</u>	<u>2,387,746</u>

(d) **Credit risk management**

Credit risk is the risk of loss that may arise on outstanding financial instruments should a counterparty default on its obligations.

The Chamber's credit risk is primarily attributable to accounts receivable. For cash and bank balances, the Chamber minimises credit risk by dealing exclusively with high credit rating counterparties.

The Chamber trades only with recognised and creditworthy third parties. Credit risk, or the risk of counterparties defaulting, is controlled by the application of credit approvals, limits and monitoring procedures. Credit risks are minimised and monitored via strictly limiting the Chamber's associations to business partners with high creditworthiness. Trade receivables are monitored on an ongoing basis via the Chamber's management reporting procedures.

The Chamber does not have any significant exposure to any individual customer or counterparty nor does it have any major concentration of credit risk related to any financial assets.

Impairment losses

The Chamber applies the MFRS 9 simplified approach to measuring expected credit losses ("ECL") which uses a lifetime expected loss allowance for all trade receivables. To measure the expected credit losses, trade receivables have been grouped based on shared credit risk characteristics and the days past due.

The management has taken reasonable steps to ensure that receivables that are neither past due nor impaired are stated at their realisable values. A significant portion of these receivables are regular members that have been transacting with the Chamber. Any receivables having significant balances past due more than 120 days, which are deemed to have higher credit risk, are monitored individually.

Loss rates are based on actual credit loss experience over past three years. The Chamber also considers differences between (a) economic conditions during the period over which the historic data has been collected, (b) current conditions and (c) the Chamber's view of economic conditions over the expected lives of the receivables. Nevertheless, the Chamber believes that these factors are immaterial for the purpose of impairment calculation for the year.

(e) Fair values of financial instruments

The fair values of other financial assets and financial liabilities of the Chamber as at 31 December 2020 and 31 December 2019 are not materially different from their carrying values due to short term maturity of these financial instruments and discounting to present value for lease liabilities.

21. RECONCILIATION OF LIABILITIES ARISING FROM FINANCING ACTIVITIES

The table below details the changes in the Chamber's liabilities arising from financing activities, including both cash and non-cash changes. Liabilities arising from financing activities are those for which cash flows were, or future cash flows will be, classified in the Chamber's statement of cash flows as cash flows used in financing activities.

	At beginning of year RM	Funds Received RM	Funds Utilised RM	At end of year RM
2020				
Scholarship funds	23,912	-	-	23,912
MAEI	436,333	165,406	(95,735)	506,004
MARI	28,942	-	(7,680)	21,262
Lease liabilities	873,886	-	(202,666)	671,220
2019				
Scholarship funds	23,912	-	-	23,912
MAEI	447,780	75,646	(87,093)	436,333
MARI	36,622	-	(7,680)	28,942
Lease liabilities	1,067,013	-	(193,127)	873,886

22. SIGNIFICANT EVENT

On 11 March 2020, the World Health Organization ("WHO") declared the outbreak of coronavirus ("COVID-19") as pandemic in recognition of its rapid spread across the globe. On 16 March 2020, the Government of Malaysia has imposed the Movement Control Order ("MCO") starting from 18 March 2020 to curb the spread of the COVID-19 outbreak in Malaysia. COVID-19 outbreak also resulted in travel restriction, lockdown and other precautionary measures imposed in various countries. The emergence of the COVID-19 outbreak since early 2020 has brought significant economic uncertainties in Malaysia and other parts of the world.

The Chamber has performed an assessment and carefully considered the potential impact of COVID-19 on the Chamber's operations and financials, which include amongst others, the projected reduction in income from programs and events. However, any adverse reduction could be mitigated as the Chamber's revenue is also largely supported by membership fees and corporate partner sponsorships. These revenue are earned throughout the year.

Based on the assessment and information available at the point of reporting, the Chamber's operating results have been forecasted to be impacted unfavorably, however, the cash flow position is adequate to meet the Chamber's requirements. Management will continue to monitor the developments and will implement timely and appropriate measures to minimise the impact.

AMERICAN MALAYSIAN CHAMBER OF COMMERCE
(Incorporated in Malaysia and Limited by Guarantee)

STATEMENT BY GOVERNORS

The Governors of **AMERICAN MALAYSIAN CHAMBER OF COMMERCE**, state that, in their opinion, the Financial Statements of the Chamber are drawn up in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia so as to give a true and fair view of the financial position of the Chamber as of 31 December 2020 and of the financial performance and the cash flows of the Chamber for the year then ended.

Signed on behalf of the Board
in accordance with a resolution of the Governors,



STEVEN RONALD CLAYTON



ANUSHIA JOAN SOOSAIPILLAI

Kuala Lumpur
24 May 2021

Registration No. 197801000209

AMERICAN MALAYSIAN CHAMBER OF COMMERCE
(Incorporated in Malaysia and Limited by Guarantee)

**DECLARATION BY THE OFFICER PRIMARILY RESPONSIBLE FOR THE
FINANCIAL MANAGEMENT OF THE CHAMBER**

I, **SIOBHAN MAIRE DAS**, the officer primarily responsible for the financial management of **AMERICAN MALAYSIAN CHAMBER OF COMMERCE**, do solemnly and sincerely declare that the accompanying Financial Statements of the Chamber are, in my opinion, 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.



SIOBHAN MAIRE DAS

Subscribed and solemnly declared by the
abovenamed **SIOBHAN MAIRE DAS** at
PUCHONG in the state of **SELANGOR**
DARUL EHSAN this **24 MAY 2021**

Before me,

COMMISSIONER FOR OATHS



RAMA SAMUEL & ASSOCIATES
No. 23B, 1st Floor,
Jalan TK 1/11A, Taman Kinrara
47180 Puchong, Selangor