Registration No.
PPM-007-10-28081999

THE MALAYSIAN SOCIETY FOR TRANSPARENCY & INTEGRITY

(Established under Societies Act, 1966)

REPORTS AND FINANCIAL STATEMENTS
31ST DECEMBER 2016

CONTENTS

Gomez & Co.
FIRM NO: AF 0611
CHARTERED ACCOUNTANTS

ALLIOTT GROUP
A Worldwide Alliance of Independent Firms

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF

THE MALAYSIAN SOCIETY FOR TRANSPARENCY & INTEGRITY

(Established under Societies Act, 1966)
(Registration No.PPM-007-10-28081999)

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of The Malaysian Society For Transparency & Integrity, which comprise the statement of financial position as at 31st December 2016, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages 4 to 22.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Society as at 31st December 2016 and of its financial performance and its cash flows for the year then ended in accordance with Malaysian Private Entities Reporting Standard 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 Society 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.

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Registration No.
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Responsibilities of the Executive Committee for the Financial Statements

The Executive Committee of the Society are responsible for the preparation of financial statements of the Society that give a true and fair view in accordance with Malaysian Private Entities Reporting Standard in Malaysia. The Executive Committee are also responsible for such internal control as the Executive Committee determines is necessary to enable the preparation of financial statements of the Society that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements of the Society, the Executive Committee are responsible for assessing the Society'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 Executive Committee either intend to liquidate the Society 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 Society 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 Society, 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 Society's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Executive Committee.

Registration No.
PPM-007-10-28081999

- Conclude on the appropriateness of the Executive Committees' 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 Society'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 Society 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 Society to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements of the Society, 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 Executive Committee 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 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 Society have been properly kept in accordance with the provisions of the Act.

Other Matters

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

Gomez & Co

GOMEZ & CO.
AF 0611
CHARTERED ACCOUNTANTS

GERARD T RAJARATNAM
1072/05/18(J)

Kuala Lumpur
Date: 14 MAR 2017

Registration No.
PPM-007-10-28081999

THE MALAYSIAN SOCIETY FOR TRANSPARENCY & INTEGRITY
(Established under Societies Act, 1966)

STATEMENT OF FINANCIAL POSITION
31ST DECEMBER 2016

	Note	2016	2015
ASSETS		RM	RM
Non-Current Assets			
Property, plant and equipment	6	25,251	32,703
Investment in a subsidiary	7	-	52,882
		25,251	85,585
Current Assets			
Receivables, deposits and prepayment	8	38,130	519,921
Fixed deposits	9	341,115	195,798
Cash and bank balances		70,233	176,112
		449,478	891,831
Total Assets		474,729	977,416
EQUITY AND LIABILITIES			
Accumulated Funds		388,737	543,692
Current Liabilities			
Sundry payables and accruals	10	85,992	433,724
Total Liabilities		85,992	433,724
Total Equity and Liabilities		474,729	977,416

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

Registration No.
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THE MALAYSIAN SOCIETY FOR TRANSPARENCY & INTEGRITY
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STATEMENT OF COMPREHENSIVE INCOME
FOR THE FINANCIAL YEAR ENDED 31ST DECEMBER 2016

	2016 RM	2015 RM
INCOME		
Donations	37,300	53,380
Grant		
- current year	180,000	101,620
Grant for Ti-M Core Funding	-	64,000
Membership fee	39,800	45,300
Fixed deposit interest received	9,979	6,118
Sundry income	-	12,928
Income from consultancy, workshop and seminars	-	257,456
	267,079	540,802
OTHER INCOME		
Reimbursement of/(Additional) expenses for:		
- Asean Integrity Community Project	-	1,981
Surplus/(Deficits):		
- International Anti-Corruption Conference Conference (IACC)	-	1,116
- Walk Against Corruption	-	3,014
- Youth International Grant	-	3,876
- Political Funding in Malaysia (PFIM)	4,278	-
- Berlin Innovation Grant	9,373	-
- Anti-Corruption Commission (ACC) Bhutan	6,788	-
- Annual Membership Meeting (AMM) Grant	4,150	-
Gain on disposal of property, plant and equipment	-	4,177
Rental income	-	20,000
	24,589	34,164

	2016 RM	2015 RM
DEPRECIATION	(7,452)	(12,118)
ADMINISTRATIVE STAFF COSTS (Appendix I)	(218,222)	(226,425)
OTHER OPERATING EXPENSES (Appendix I)	(219,476)	(167,105)
(LOSS)/PROFIT BEFORE TAXATION	(153,482)	169,318
TAXATION (Note 11)	(1,473)	-
NET (LOSS)/ PROFIT FOR THE FINANCIAL YEAR	(154,955)	169,318
OTHER COMPREHENSIVE INCOME	-	-
TOTAL COMPREHENSIVE (EXPENSES)/INCOME FOR THE FINANCIAL YEAR	(154,955)	169,318

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

Registration No.
PPM-007-10-28081999

THE MALAYSIAN SOCIETY FOR TRANSPARENCY & INTEGRITY
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STATEMENTS OF CHANGES IN EQUITY
FOR THE FINANCIAL YEAR ENDED 31ST DECEMBER 2016

	ACCUMULATED FUNDS
AS AT 1ST JANUARY 2015	374,374
TOTAL COMPREHENSIVE INCOME FOR THE FINANCIAL YEAR	169,318
AS AT 31ST DECEMBER 2015	543,692
AS AT 1ST JANUARY 2016	543,692
TOTAL COMPREHENSIVE EXPENSE FOR THE FINANCIAL YEAR	(154,955)
AS AT 31ST DECEMBER 2016	388,737

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

Registration No.
PPM-007-10-28081999

THE MALAYSIAN SOCIETY FOR TRANSPARENCY & INTEGRITY
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STATEMENT OF CASH FLOWS
FOR THE FINANCIAL YEAR ENDED 31ST DECEMBER 2016

	2016 RM	2015 RM
CASH FLOWS FROM OPERATING ACTIVITIES		
(Loss)/Profit before taxation	(153,482)	169,318
Adjustments for:		
Depreciation	7,452	12,118
Gain on disposal of property, plant and equipment	-	(4,177)
Impairment of investment held in subsidiary	52,882	-
Property, plant and equipment written off	-	18,002
Operating (loss)/profit before working capital changes	(93,148)	195,261
Change in receivables	481,791	(436,940)
Change in payables	(347,732)	178,734
Cash generated from/(used in) operations	40,911	(62,945)
Tax paid	(1,473)	-
Net cash generated from/(used in) operating activities	39,438	(62,945)
CASH FLOWS FROM INVESTING ACTIVITIES		
Repayment from subsidiary	-	2,143
Proceeds from disposal of property, plant and equipment	-	5,151
Purchase of property, plant and equipment	-	(149)
Net cash generated from investing activities	-	7,145
Net increase in cash and cash equivalents	39,438	55,800
Cash and cash equivalents at the beginning of the financial year	371,910	427,710
Cash and cash equivalents at the end of the financial year (Note 12)	411,348	371,910

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

THE MALAYSIAN SOCIETY FOR TRANSPARENCY & INTEGRITY
(Established under Societies Act, 1966)

NOTES TO THE FINANCIAL STATEMENTS – 31ST DECEMBER 2016

1. GENERAL INFORMATION

The principal activity of the Society is to promote transparency and integrity. There has been no significant change in this activity during the financial year.

The average number of full time employees during the financial year numbered 3 (2015 – 4).

The Society is an entity registered with the Registrar of Societies.

The address of the registered office and principal place of business of the Society is as follows:-

No.8, Lorong 12/17C
Seksyen 12
46200 Petaling Jaya
Selangor Darul Ehsan.

2. COMPLIANCE WITH FINANCIAL REPORTING STANDARDS AND THE SOCIETIES ACT 1966

The financial statements have been prepared in compliance with the Malaysian Private Entities Reporting Standard (MPERS) issued by the Malaysian Accounting Standards Board (MASB) and the provisions of the Societies Act, 1966.

For the current year ended 31st December 2016, the Society has adopted the new MPERS and the date of transition to the new MPERS Framework is 1st January 2015.

Adoption of the new MPERS Framework requires that all the Standards in MPERS be applied to the financial statements for the current year ended 31st December 2016, the comparative financial statements for the year ended 31st December 2015, and to the opening statement of financial position at the date of transition to MPERS. The adoption of the new MPERS has no financial impact on the financial statements of the Society.

3. BASIS OF PREPARATION

The financial statements of the Society have been prepared using cost and fair value bases.

Management has used estimates and assumptions in measuring the reported amounts of assets and liabilities at the end of the reporting period and the reported amounts of revenues and expenses during the reporting period. Judgments and assumptions are applied in the measurement, and hence, the actual results may not coincide with the reported amounts. The areas involving significant judgements and estimation uncertainties are disclosed in Note 5.

The financial statements are presented in Ringgit Malaysia ("RM").

4. SIGNIFICANT ACCOUNTING POLICIES

a) Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation. Property, plant and equipment are depreciated on a straight line basis to write off the cost of the assets over their estimated useful lives. The principal annual rates used are:

Office equipment	10%
Computer equipment	25%
Furniture and fittings	10%

The carrying values of property, plant and equipment 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 income statement immediately.

b) Investment in a Subsidiary

In the Society's statement of financial position, investment in a subsidiary is stated at the cost less any accumulated impairment losses, if any. On disposal of the investments, the difference between net disposal proceeds and their carrying amounts are included in statement of comprehensive income.

c) Projects/Programmes funding

The Society carries out projects or programmes and recognises the funding or contributions from donors for these projects or programmes as payables and the correspondence expenditures for the projects or programmes as receivables. In the event, there is a surplus/deficit when the projects or programmes are properly completed, the surplus/deficit from the funding is recognised as income/expense.

d) Financial Instruments

i) Initial Recognition and Measurement

The Society recognises a financial asset or a financial liability (including derivative instruments) in the statement of financial position when, and only when, it becomes a party to the contractual provisions of the instrument.

On initial recognition, all financial assets and financial liabilities are measured at fair value, which is generally the transaction price, plus transaction costs if the financial asset or financial liability is not measured at fair value through profit or loss. For instruments measured at fair value through profit or loss, transaction costs are expensed to profit or loss when incurred.

ii) Derecognition of Financial Instruments

A financial asset is derecognised when, and only when, the contractual rights to receive the cash flows from the financial asset expire, or when the Society transfers the contractual rights to receive cash flows of the financial asset, including circumstances when the Society acts only as a collecting agent of the transferee, and retains no significant risks and rewards of ownership of the financial asset or no continuing involvement in the control of the financial asset transferred.

A financial liability is derecognised when, and only when, it is legally extinguished, which is either when the obligation specified in the contract is discharged or cancelled or expires. A substantial modification of the terms of an existing financial liability is accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability. For this purpose, the Society considers a modification as substantial if the present value of the revised cash flows of the modified terms discounted at the original effective interest rate differs by 10% or more when compared with the carrying amount of the original liability.

iii) Subsequent Measurement of Financial Assets

For the purpose of subsequent measurement, the Society classifies financial assets into two categories namely:

- financial assets at fair value through profit and loss, and
- financial assets at amortised cost.

After initial recognition, investments in preference shares and ordinary shares are measured at their fair values by reference to the active market prices, if observable, or otherwise by a valuation technique, without any deduction for transaction costs it may incur on sale or other disposal.

Investments in debt instruments, whether quoted or unquoted, are subsequently measured at amortised cost using the effective interest method. Investments in unquoted equity instruments and whose fair value cannot be reliably measured are measured at cost.

Other than financial assets measured at fair value through profit or loss, all other financial assets are subject to review for impairment.

iv) Subsequent Measurement of Financial Liabilities
After initial recognition, all financial liabilities are measured at amortised cost using the effective interest method.

v) Fair Value Measurement of Financial Instruments
The fair value of a financial asset or a financial liability is determined by reference to the quoted market price in an active market, and in the absence of an observable market price, by a valuation technique using reasonable and supportable assumptions.

vi) Recognition of Gains and Losses
Fair value changes of financial assets and liabilities classified as at fair value through profit or loss are recognised in profit or loss when they arise.

For financial assets and financial liabilities carried at amortised cost, a gain or loss is recognised in profit or loss only when the financial asset or financial liability is derecognised or impaired and through the amortisation process of the instrument.

vii) Impairment and Uncollectibility of Financial Assets
At the end of each reporting period, the Society examines whether there is any objective evidence that a financial assets is impaired. Evidences of trigger loss events include:

- significant difficulty of the issuer or obligor;
- a breach of contract, such as a default or delinquency in interest or principal payments;
- granting exceptional concession to a customer;
- it is probable that a customer will enter bankruptcy or other financial reorganisation;
- the disappearance of an active market for that financial asset because of financial difficulties; or
- any observable market data indicating that there may be a measurable decrease in the estimated future cash flows from a group of financial assets.

For a non-current loan and receivable carried at amortised cost, the revised estimated cash flows are discounted at the original effective interest rate. Any impairment loss is recognised in profit or loss and a corresponding amount is recorded in a loss allowance account. Any subsequent reversal of impairment loss of the financial asset is reversed in profit or loss with a corresponding adjustment to the loss allowance account, subject to the limit that the reversal should not result in the revised carrying amount of the financial asset exceeding the amount that would have been determined had no impairment loss been recognised previously.

For short-term trade and other receivables, where the effect of discounting is immaterial, impairment loss is tested for each individually significant receivable wherever there is any indication of impairment. Individually significant receivables for which no impairment loss is recognised are grouped together with all other receivables by classes based on credit risk characteristics and aged according to their past due periods. A collective allowance is estimated for a class group based on the Society's experience of loss ratio in each class, taking into consideration current market conditions.

For an unquoted equity investment measured at cost less impairment, the impairment is the difference between the asset's carrying amount and the best estimate (which will necessarily be an approximation) of the amount (which might be zero) that the Society expects to receive for the assets if it were sold at the reporting date. The Society may estimate the recoverable amount using and adjusted net asset value approach.

e) Income Recognition

Income is recognised when it is probable that the economic benefits will flow to the Society and when the income can be measured reliably on the following basis:

(i) Contribution from members are recognised on an accrual basis.

(ii) Grants are recognised where there is reasonable assurance that the Society will comply with the conditions attaching to them and the grants will be received. Grants are recognised as income on a systematic basis over the periods necessary to match them with the related costs which they are intended to compensate.

(iii) Donation income are recognised on receipt basis.

(iv) Surplus/(Deficit) from projects/programmes funds undertaken are recognised upon proper completion of the projects/programmes.

(v) Service income from consulting, workshop, seminar and training are recognised upon services rendered.

(vi) Interest income is recognised on a time proportion basis.

(vii) Reimbursement of expenses incurred by the Society in carrying out projects/programmes is recognised on actual basis.

f) Translation of Foreign Currency Transactions

Transactions denominated in foreign currencies are translated and recorded at the rates of exchange prevailing at the respective dates of the transactions. At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at the end of the period (i.e. the closing rates). Non-monetary items carried at fair values that are denominated in foreign currencies are retranslated at the rates prevailing at the dates the fair values were determined. Non-monetary items that are measured at their historical cost amounts continue to be translated at their respective historical rates and are not retranslated.

All exchange differences arising on settled transactions and on unsettled monetary items are recognised in profit or loss in the period.

g) Impairment of Non-Financial Assets

An impairment loss arises when the carrying amount of a Society's asset exceeds its recoverable amount.

At the end of each reporting date, the Society assesses whether there is any indication that a stand-alone asset or a cash-generating unit may be impaired by using external and internal sources of information. If any such indication exists, the Society estimates the recoverable amount of the asset or cash-generating unit.

If an individual asset generates independent cash inflows, it is tested for impairment as a stand-alone asset. If an asset does not generate independent cash inflows, it is tested for impairment together with other assets in a cash-generating unit, at the lowest level in which independent cash inflows are generated and monitored for internal management purposes.

The recoverable amount of an asset or a cash-generating unit is the higher of its fair value less costs to sell and the value in use. The Society determines the fair value less costs to sell of an asset or a cash-generating unit in a hierarchy based on:

(i) price in a binding sale agreement;
(ii) market price traded in an active market; and
(iii) estimate of market price using the best available information.

The value in use is estimated by discounting the net cash inflows (by an appropriate discount rate) of the asset or unit, using reasonable and supportable management's budgets and forecasts of five years and extrapolation of cash inflows for periods beyond the five-year forecast or budget.

For an asset measured on a cost-based model, any impairment loss is recognised in profit or loss.

For a cash-generating unit, any impairment loss is allocated to the assets of the unit pro rata based on the relative carrying amounts of the assets.

The Society reassesses the recoverable amount of an impaired asset or a cash-generating unit if there is any indication that an impairment loss recognised previously may have reversed. Any reversal of impairment loss for an asset carried at a cost-based model is recognised in profit or loss, subject to the limit that the revised carrying amount does not exceed the amount that would have been determined had no impairment loss been recognised previously.

h) Employee Benefits

i) Short term benefits
Wages, salaries, paid leave, paid sick leave, bonuses and non-monetary benefits are recognised as an expense in the period in which the associated services are rendered by employees.

Non-monetary benefits such as medical care and other staff related expenses are charged to the income statement as and when incurred.

ii) Defined contribution plans
As required by law, companies in Malaysia make contributions to the Employees Provident Fund ("EPF"). Such contributions are recognised as an expense in the income statement in the financial year to which they relate.

i) Finance and Operating leases

The Society recognises a lease whenever there is an agreement, whether explicitly stated as a lease or otherwise, whereby the lessor conveys to the lessee in return for a payment or series of payments the right to use an asset for an agreed period of time. A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to ownership. Title may or may not eventually be transferred. All other leases that do not meet this criterion are classified as operating leases.

The Society does not capitalize the underlying leased asset or recognise a lease liability in an operating lease. Instead, lease payments under an operating lease are recognised as an expense on the straight-line basis over the lease term unless another systematic basis is more representative of the time pattern of the user's benefit.

j) Income Tax

Tax on the profit or loss for the year comprises current and deferred tax. Income tax is recognised in the income statement except to the extent that it relates to items recognised directly in equity, in which case it is recognised in equity.

Current tax expense is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the balance sheet date, and any adjustment to tax payable in respect of previous years.

Deferred tax is provided, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Temporary differences are not recognised for the initial recognition of assets or liabilities that at the time of the transaction affects neither accounting nor taxable profit. The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the balance sheet date.

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the asset can be utilised.

k) Cash and cash equivalents

Cash and cash equivalents represent cash and bank balances, short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

5. CRITICAL JUDGEMENTS AND ESTIMATION UNCERTAINTY

(a) Judgements and Assumptions Applied

In the selection of accounting policies of the Society, the areas that require significant judgements and assumptions are in:

- Classification of Finance and Operating Leases

  The Society classifies a lease as a finance lease or an operating lease based on the criterion of the extent to which significant risks and rewards incidental to ownership of the underlying asset lie. As a lessee, the Society recognises a lease as a finance lease if it is exposed to significant risks and rewards incidental to ownership of the underlying asset. In applying judgements, the Society considers whether there is significant economic incentive to exercise a purchase option and any optional renewal periods. A lease is classified as a finance lease if the lease term is for at least 75% the economic life of the underlying asset, the present value of lease payments is at least 90% of the fair value of the underlying asset, or the identified asset in the lease is a specialised asset which can only be used substantially by the lessee. All other leases that do not result in a significant transfer of risks and rewards are classified as operating leases.

(b) Estimation Uncertainty

The measurement of some assets and liabilities requires management to use estimates based on various observable imputs and other assumptions. The areas or items that are subject to significant estimation uncertainties of the Society are in measuring:

(i) Measurement of a Provision
The Society uses a "best estimate" as the basis for measuring a provision. Management evaluates the estimated based on the Society's historical experiences and other inputs or assumptions, current developments and future events that are reasonably possible under the particular circumstances. If an obligation is to be settled over time, the expected outflows are discounted at a rate that takes into account the time value of money and the risk that the actual outcome might differ from the estimates made. The actual outcome may differ from the estimate made and this may have a significant effect on the Company's financial position and results.

In the case of a single estimate (such as a provision for environmental restoration costs), a referenced contractor's price or market price is used as the best estimate. If an obligation is to be settled over time, the expected outflows are discounted at a rate that takes into account the time value of money and the risk that the actual outcome might differ from the estimates made. The actual outcome may differ from the estimates made and this may have a significant effect on the Society's financial position and results.

(ii) Determining Value-in-Use
In determining the value-in-use of a stand-alone asset or a cash-generating unit, managements uses reasonable and supportable inputs about sales, costs of sales and other expenses based upon past experiences, current events and reasonably possible future developments. Cash flows are projected based on those inputs and discounted at an appropriate discount rate. The actual outcome or event may not coincide with the inputs or assumptions and the discount rate applied in the measurement and this may have a significant effect on the Society's financial position and results.

(iii) Loss Allowance of Financial Assets
The Society recognises impairments losses for loans and receivables using the incurred loss model. Individually significant loans and receivables are tested for impairment separately by estimating the cash flows expected to be recoverable. All other loans and receivables are categorised into credit risk classes and tested for impairment collectively, using the Society's past experiences of loss statistics, ageing of past due amounts and current economic trends. The actual eventual losses may be different from the allowances made and these may affect the Society's financial position and results.

(iv) Depreciation of Property, Plant and Equipment
The costs of an item of property, plant and equipment is depreciated on the straight line method or another systematic method that reflects the consumption of the economic benefits of the asset over its useful life. Estimates are applied in the selection of the depreciation mthod, the useful lives and the residual values. The actual consumption of the economic benefits of the property, plant and equipment may differ from the estimates applied and this may lead to a gain or loss on an eventual disposal of an item of property, plant and equipment.

6. PROPERTY, PLANT AND EQUIPMENT

The details of property, plant and equipment are as follows:-

	Office equipment RM	Computer equipment RM	Furniture and fittings RM	Total RM
Cost				
As at 1st January 2016	21,825	19,333	30,725	71,883
Additions	-	-	-	-
As at 31st December 2016	21,825	19,333	30,725	71,883
Accumulated Depreciation				
As at 1st January 2016	10,200	13,017	15,963	39,180
Charge for the financial year	2,160	2,871	2,421	7,452
As at 31st December 2016	12,360	15,888	18,384	46,632
Net Book Value				
As at 31st December 2016	9,465	3,445	12,341	25,251
As at 31st December 2015	11,625	6,316	14,762	32,703
Depreciation charge				
Financial year ended 31st December 2015	2,258	4,502	5,358	12,118

7. INVESTMENT IN A SUBSIDIARY

	2016 RM	2015 RM
Unquoted shares in Malaysia, at cost	52,882	52,882
Less: Impairment of investment in subsidiary	(52,882)	-
	-	52,882

The subsidiary is TI BIP Malaysia Sdn. Bhd., a wholly owned subsidiary of the Society, and is incorporated in Malaysia. The principal activities of the subsidiary is to act as management consultant and conduct workshops, seminars, training to promote integrity and good governance within Malaysia and internationally.

The subsidiary had ceased operations in the previous financial year and a liquidator was appointed on 25th May 2016.

Consolidated financial statements are not prepared as the Society has ceased control of the subsidiary upon appointment of the liquidator.

8. RECEIVABLES AND DEPOSITS

	2016 RM	2015 RM
Receivables		
Consultancy, workshop, conference and seminars		257,456
ALAC Project	-	-
Walk against Corruption	-	-
Bhutan Private Sector Integrity Programme	-	34,729
Aduan.ku Project	-	2,627
PFIM Books	-	22,722
Annual Membership Meeting	-	189,737
TI – UK Agent Initiative	26,270	-
	26,270	507,271
Deposits	11,860	12,650
	38,130	519,921

9. FIXED DEPOSITS

The fixed deposits placed with licensed banks earn interest at 3.15 - 4.50% (2015: 3.15 - 3.20%) per annum and have maturity periods of less than one year.

10. SUNDRY PAYABLES AND ACCRUALS

	2016 RM	2015 RM
Sundry Payables		
Advances received for:		
- ALAC Project	-	980
- Bhutan Private Sector Integrity Programme	-	25,329
- Aduan.ku Project	-	12,000
- PFIM Books	-	27,000
- Annual Membership Meeting	-	193,888
- UNCAC Coalition	4,953	4,953
Membership fee received in advance	9,000	11,900
Grant received in advance	-	150,000
TI – UK Agent Initiative	43,680	-
ASEAN CSR Small Grant Fund	24,351	-
Other payables	-	174
	81,984	426,224

10. SUNDRY PAYABLES AND ACCRUALS (CONT'D)

	2016 RM	2015 RM
Accruals		
Audit fee	4,008	4,000
Tax fee	-	1,250
Accountancy fee	-	2,250
	4,008	7,500
	85,992	433,724

11. TAXATION

	2016 RM	2015 RM
Current tax:		
- current year	-	-
- underprovision in previous year	1,473	-
	1,473	-

The numerical reconciliations between income tax expense and the product of accounting result multiplied by the applicable tax rate are as follow:-

	2016 RM	2015 RM
Profit/(Loss) before taxation	(153,482)	169,318
Taxation at applicable rate of 19% (2015 - 20%)	(29,162)	33,864
Tax effect of :		
- non-deductible expenses	836	1,613
- non-taxable income	-	(14,344)
- utilisation of deferred tax asset not recognised in previous year	-	(21,133)
- deferred tax assets not recognised during the financial year	28,326	-
Underprovision in previous financial year:		
- current tax	1,473	-
- deferred tax	-	-
Tax expense	1,473	-

As at 31st December, 2016, the Society has not recognised the tax effect of deferred tax assets arising from the following temporary differences as it is not probable that future taxable profit will be available against which the assets can be utilised.

	2016 RM	2015 RM
Deductible temporary differences on:		
- unused tax losses	141,530	-
- unabsorbed capital allowances	5,554	2,588
	147,084	2,588
Taxable temporary differences between net book value and tax written down value of property, plant and equipment	(14,213)	(18,802)
	132,871	(16,214)

12. CASH AND CASH EQUIVALENTS

Cash and cash equivalents consist of:	2016 RM	2015 RM
Fixed deposits	341,115	195,798
Cash and bank balances	70,233	176,112
	411,348	371,910

13. EMPLOYEE BENEFIT EXPENSES

The employee benefit expenses excluding executive committee members and directors are:

	2016 RM	2015 RM
Salaries, allowances and bonus	167,306	199,569
Defined contribution plan	21,682	23,852
Other staff related expenses	29,234	3,004
	218,222	226,425

14. CONTINGENT LIABILITY

	2016 RM	2015 RM
Legal claims have been taken against the Society for wrongful dismissal. The Society is of the opinion that there is a fair chance of defending the suits	261,000	344,700

Registration No.
PPM-007-10-28081999

THE MALAYSIAN SOCIETY FOR TRANSPARENCY & INTEGRITY
(Established under Societies Act, 1966)

STATEMENT BY MEMBERS OF THE EXECUTIVE COMMITTEE

We, DATO' AKHBAR SATAR and DR. MUHAMMAD MOHAN KITTU BIN ABDULLAH , being two of the members of the Executive Committee of The Malaysian Society For Transparency & Integrity, state that, in the opinion of the Executive Committee, the financial statements set out on pages 4 to 22 , are drawn up so as to give a true and fair view of the state of affairs of the Society as at 31st December 2016 and of the results of the Society and cash flows for the financial year then ended in accordance with Private Entity Reporting Standards.

On behalf of the members of the Executive Committee

DATO' AKHBAR SATAR
President

DR. MUHAMMAD MOHAN KITTU BIN ABDULLAH
Secretary General

Kuala Lumpur
Date: 14 MAR 2017

STATEMENT BY TREASURER

I, KANAKARAJA MUTHUSAMY, the person primarily responsible for the financial management of The Malaysian Society For Transparency & Integrity, do solemnly and sincerely declare that the financial statements set out on pages 4 to 22 , are in my opinion, correct.

KANAKARAJA MUTHUSAMY

Date:
14 MAR 2017

PESURUHJAYA SUMPAH
W 703
MOHD FITRY ABDUL GHANI
MALAYSIA

NO: 58A, JALAN BUKIT RAJA
TAMAN SEPUTEH
58000 KUALA LUMPUR

Registration No.
PPM-007-10-28081999

APPENDIX I

THE MALAYSIAN SOCIETY FOR TRANSPARENCY & INTEGRITY
(Established under Societies Act, 1966)

	2016 RM	2015 RM
ADMINISTRATIVE STAFF COSTS		
Bonus	9,012	-
EPF	21,682	23,852
Meal allowances	1,508	2,721
Medical expenses	-	145
Salaries and allowances	158,294	196,848
Socso	2,139	2,331
Staff compensation	24,800	-
Staff refreshments	787	528
	218,222	226,425
OTHER OPERATING EXPENSES		
Accounting fee		
- underprovison in previous year	(2,250)	-
Advertisement	-	1,049
Annual General Meeting expenses	3,323	2,446
Audit fee		
- current year	4,008	4,000
- underprovision in previous year	500	500
- special audit	-	1,200
Bank charges	353	418
Courier and postage	1,424	2,045
Electricity and water	3,966	8,075
Impairment of investment in subsidiary	52,882	-
Insurance	35	6,357
Internet expenses	2,545	2,087
Legal fee	39,293	-
Loss on foreign exchange	838	-
Meeting expenses:		
- current year	2,354	629
- overprovision in previous year	-	(2,930)
Newspapers and periodicals	63	320
Office re-location expenses	-	13,246
Office rental	30,000	65,239
Penalty	103	-
Printing and stationery	3,338	4,688
Printing of newsletter	6,867	3,032
Programme expenses	8,316	-
Property, plant and equipment written off	-	18,002
Service tax and GST	362	342
Sundry expenses	2,337	6,515
Tax fee	-	1,375
Telecommunication	5,113	5,342
Travel (local and overseas) and accomodation	38,842	5,472
Upkeep of office	7,216	7,765
Upkeep of office equipment and maintenance	921	2,641
Upkeep of website	6,727	7,250
	219,476	167,105