

**PERSATUAN BADMINTON MALAYSIA  
(BADMINTON ASSOCIATION OF MALAYSIA)  
(Registered under the Sports Development Act 1997)**

**REPORTS AND FINANCIAL STATEMENTS  
31ST DECEMBER 2019**

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**PERSATUAN BADMINTON MALAYSIA**  
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GENERAL INFORMATION

DOMICILE	:	Malaysia
LEGAL FORM AND PLACE OF INCORPORATION	:	A sport association registered in Malaysia under the Sports Development Act 1997
REGISTERED OFFICE AND PRINCIPAL PLACE OF OPERATION	:	Akademi Badminton Malaysia Kompleks Sukan Bukit Kiara Jalan 1/70D, Bukit Kiara 60000 Kuala Lumpur.

**PERSATUAN BADMINTON MALAYSIA  
(BADMINTON ASSOCIATION OF MALAYSIA)  
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**STATEMENT BY THE COUNCIL MEMBERS**

**FINANCIAL STATEMENTS – 31 DECEMBER 2019**

In our opinion, the financial statements set out on pages 6 to 21 have been properly drawn up in accordance with generally accepted accounting principles in Malaysia so as to exhibit a true and fair view of the state of affairs of the Association at 31 December 2019 and of its results and cash flows for the financial year then ended.

On behalf of the Council Members



DATO' SRI MOHAMAD  
NORZA ZAKARIA  
President



DATO' KENNY GOH  
CHEE KEONG  
General Secretary



DATUK V.  
SUBRAMANIAM  
Treasurer

## INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF

### PERSATUAN BADMINTON MALAYSIA (BADMINTON ASSOCIATION OF MALAYSIA) (Registered under the Sports Development Act 1997)

#### Report on the Audit of the Financial Statements

#### Opinion

We have audited the financial statements of Persatuan Badminton Malaysia (“the Association”), which comprise the statement of financial position as at 31st December 2019, the statement of comprehensive income and statement of changes in fund balance and statement of cash flows 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 6 to 21.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Association as at 31st December 2019, and of its financial performance and its cash flows for the year then ended in accordance with Generally Accepted Accounting Principles 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 Association 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.

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

The council members of the Association are responsible for the preparation of financial statements of the Association that give a true and fair view in accordance with Generally Accepted Accounting Principles in Malaysia. The council members are also responsible for such internal control as the council members determine is necessary to enable the preparation of financial statements of the Association that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements of the Association, the council members are responsible for assessing the Association's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the council members either intend to liquidate the Association 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 Association 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 Association, 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 Association's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the council members.

- Conclude on the appropriateness of the council members' 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 Association'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 Association 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 Association to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements of the Association, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the council members 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.

#### **Other Matters**

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



**GOMEZ & CO.**  
**AF 0611**  
Chartered Accountants

Kuala Lumpur

Date: 27 JUL 2020



**LIM TAI POO**  
**03332/10/2021 J**  
Chartered Accountant

**PERSATUAN BADMINTON MALAYSIA**  
**(BADMINTON ASSOCIATION OF MALAYSIA)**  
(Registered under the Sports Development Act 1997)

**STATEMENT OF FINANCIAL POSITION**  
**AS AT 31 DECEMBER 2019**

	Note	2019 RM	2018 RM
<b>ASSETS</b>			
<b>Non-Current Asset</b>			
Property, plant and equipment	5	<u>52,708,743</u>	<u>6,998,624</u>
<b>Current Assets</b>			
Sundry receivables, deposits and prepayments	6	8,420,013	6,333,460
Fixed deposits, cash and bank balances		<u>1,646,051</u>	<u>1,347,619</u>
<b>Total Current Assets</b>		<u>10,066,064</u>	<u>7,681,079</u>
<b>Total Assets</b>		<u><u>62,774,807</u></u>	<u><u>14,679,703</u></u>
<b>Equity</b>			
General fund		6,582,982	6,865,588
Revaluation reserve	7	<u>44,042,046</u>	<u>-</u>
<b>Total Equity</b>		<u>50,625,028</u>	<u>6,865,588</u>
<b>Non-Current Liability</b>			
Deferred tax liability	8	<u>1,914,562</u>	<u>-</u>
<b>Current Liabilities</b>			
Sundry payables and accruals	9	9,636,811	6,887,169
Bank overdrawn		<u>598,406</u>	<u>926,946</u>
<b>Total Current Liabilities</b>		<u>10,235,217</u>	<u>7,814,115</u>
<b>Total Liabilities</b>		<u>12,149,779</u>	<u>7,814,115</u>
<b>Total Equity and Liabilities</b>		<u><u>62,774,807</u></u>	<u><u>14,679,703</u></u>

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

**PERSATUAN BADMINTON MALAYSIA**  
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**STATEMENT OF COMPREHENSIVE INCOME**  
**FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019**

	Note	2019 RM	2018 RM
<b>INCOME</b>			
Deficit from organising tournaments		(4,820,334)	(4,098,954)
Subsidies and sponsorships	10	25,416,937	26,826,851
Rental income	11	2,057,250	1,989,000
Sundry income	12	1,570,983	69,791
Fixed deposit interest income		<u>-</u>	<u>17,710</u>
		24,224,836	24,804,398
<b>EXPENDITURE</b>			
Competition, training and other expenses	13	<u>(17,966,565)</u>	<u>(21,532,372)</u>
Administrative and operating expenses	14	<u>(6,540,877)</u>	<u>(6,001,904)</u>
		<u>(24,507,442)</u>	<u>(27,534,276)</u>
<b>DEFICIT BEFORE TAXATION</b>		(282,606)	(2,729,878)
<b>TAXATION</b>	15	<u>-</u>	<u>-</u>
<b>DEFICIT FOR THE FINANCIAL YEAR TRANSFERRED TO GENERAL FUND</b>		<u><u>(282,606)</u></u>	<u><u>(2,729,878)</u></u>

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



**PERSATUAN BADMINTON MALAYSIA**  
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**STATEMENT OF CHANGES IN FUND BALANCE**  
**FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019**

	GENERAL FUND RM	REVALUATION RESERVE RM	TOTAL RM
BALANCE AS AT 31ST DECEMBER 2017	9,595,466	-	9,595,466
TOTAL DEFICIT FOR THE FINANCIAL YEAR	<u>(2,729,878)</u>	<u>-</u>	<u>(2,729,878)</u>
BALANCE AS AT 31ST DECEMBER 2018	6,865,588	-	6,865,588
REVALUATION SURPLUS	-	44,042,046	44,042,046
TOTAL DEFICIT FOR THE FINANCIAL YEAR	<u>(282,606)</u>	<u>-</u>	<u>(282,606)</u>
BALANCE AS AT 31ST DECEMBER 2019	<u><u>6,582,982</u></u>	<u><u>44,042,046</u></u>	<u><u>50,625,028</u></u>

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

**PERSATUAN BADMINTON MALAYSIA**  
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**STATEMENT OF CASH FLOWS**  
**FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019**

	2019	2018
	RM	RM
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Deficit before taxation	(282,606)	(2,729,878)
Adjustments for:		
Bad debts written off	-	46,588
Depreciation	384,769	550,810
Reversal of impairment for doubtful debts	(1,000,000)	-
Impairment for doubtful debts	400,000	1,600,000
	<u>                    </u>	<u>                    </u>
Operating deficit before working capital changes	(497,837)	(532,480)
Changes in receivables	(1,486,553)	(3,422,862)
Changes in payables	2,749,642	(309,168)
	<u>                    </u>	<u>                    </u>
Net cash generated from/(used in) operating activities	765,252	(4,264,510)
<b>CASH FLOW FROM INVESTING ACTIVITY</b>		
Purchase of property, plant and equipment	(138,280)	(861,203)
Net cash used in investing activity	<u>(138,280)</u>	<u>(861,203)</u>
Net increase/(decrease) in cash and cash equivalent	626,972	(5,125,713)
Cash and cash equivalent at the beginning of the financial year	420,673	5,546,386
	<u>                    </u>	<u>                    </u>
Cash and cash equivalent at the end of the financial year (Note 16)	<u>1,047,645</u>	<u>420,673</u>

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

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**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS**  
**FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019**

**1. GENERAL INFORMATION**

The Persatuan Badminton Malaysia (“Association”) is a non-profit organisation dedicated to encourage, promote and control the game of Badminton in Malaysia.

The Association is registered under the Sports Development Act 1997.

The registered office and principal place of operation is:-

Akademi Badminton Malaysia  
Kompleks Sukan Bukit Kiara  
Jalan 1/70D, Bukit Kiara  
60000 Kuala Lumpur.

**2. COMPLIANCE WITH FINANCIAL REPORTING STANDARDS AND THE COMPANIES ACT**

The financial statements of the Association have been prepared in compliance with the Malaysian Private Entities Reporting Standard (“MPERS”) issued by the Malaysian Accounting Standards Board (“MASB”).

**3. SIGNIFICANT ACCOUNTING POLICIES**

a) Basis of Preparation

The measurement bases applied in the preparation of the financial statements include cost, amortised cost, recoverable value and realisable value as indicated in the accounting policies set out below. Accounting estimates are used in measuring these values.

The financial statements are presented in Ringgit Malaysia (“RM”), which is the functional currency of the Association.

b) Property, Plant and Equipment and Depreciation

Property, plant and equipment are stated at cost less accumulated depreciation and impairment losses. Depreciation of property, plant and equipment is provided on a straight line basis to write off the cost of each asset to its residual value over the estimated useful life at the following annual rates:-

Building	2%
Long leasehold land	Remaining lease period
Furniture, fittings and office equipment	20%
Sport equipment	20%
Renovation	20%

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 statement of comprehensive income immediately.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. The difference between the net disposal proceeds, if any and the net carrying amount is recognised in profit or loss and the unutilised portion of the revaluation surplus on that item is taken directly to general fund.

c) Financial instruments

i) Initial Recognition and Measurement

The Association 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 Association transfers the contractual rights to receive cash flows of the financial asset, including circumstances when the Association 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 extinguished of the original financial liability and the recognition of a new financial liability. For this purpose, the Association 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 Association classifies financial assets into two categories, namely:
- financial assets at fair value through profit or loss, and
  - financial assets at amortised 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 Association examines whether there is any objective evidence that a financial asset or a group of financial assets is impaired. Evidences of trigger loss events include:
- significant difficulty of the issuer or obligor;
  - a breach of contract, such as 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 short-term 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 Association's experience of loss ratio in each class, taking into consideration current market conditions.

d) Finance and operating leases

The Association 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 criteria are classified as operating leases.

e) Foreign Currencies

Transactions in foreign currencies during the financial year are converted to Ringgit Malaysia at the rate of exchange ruling at the date of the transactions. Monetary assets and liabilities denominated in foreign currencies at the statement of financial position date are translated to Ringgit Malaysia at the closing rates. Foreign exchange differences arising on translation are recognised in the income statement. Non-monetary assets and liabilities denominated in foreign currencies are translated to Ringgit Malaysia at rates of exchange ruling at the date of transactions.

f) Income Recognition

Income is recognised when it is probable that the economic benefits will flow to the Association and when the revenue can be measured reliably, on the following bases:

(i) Income from sponsorship, subsidies and grants

Income from sponsorship, subsidies and grants are recognised on an accrual basis when the Association's right to receive payment is established.

Unrestricted sponsorships, subsidies and grants received are credited in full to the statement of comprehensive income as an income item. Restricted sponsorships, subsidies and grants received are offset against the related expenditure item, except for grants for capital expenditure which are credited to a capital fund statement.

(ii) Rental income

Income from rental of properties is recognised on a time proportion basis over the lease term.

(iii) Interest income

Interest income from fixed deposits is recognised on an accrual basis.

g) Impairment of Non-Financial Assets

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

At the end of each reporting date, the Association 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 Association 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 cash-generating unit is the higher of its fair value less costs to sell and the value in use. The Association 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 Association 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 the statement of comprehensive income, 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.

Subsequent increase in the recoverable amount of an asset is treated as reversal of the previous impairment loss and is recognised to the extent of the carrying amount of the asset that would have been determined (net of amortisation and depreciation) had no impairment loss been recognised. The reversal is recognised in the income statement immediately, unless the asset is carried at revalued amount. A reversal of an impairment loss on a revalued asset is credited directly to revaluation surplus.

However, to the extent that an impairment loss on the same revalued asset was previously recognised as an expense in the income statement, a reversal of that impairment loss is recognised as income in the income statement.

#### h) Employees 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) Cash and Cash Equivalents

Cash and cash equivalents represent cash and bank balances, bank overdraft, 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.

## 4. CRITICAL JUDGEMENTS AND ESTIMATION UNCERTAINTIES

### a) Judgements and Assumptions Applied

In the process of applying the Association’s accounting policies, the management is not aware of any judgments that have significant effects on the amounts recognised in the financial statements.



## b) Estimation Uncertainties

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

- **Determining the Value-in-Use**  
In determining the value-in-use of a stand-alone asset or a cash-generating unit, management 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(s). 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 Association's financial position and results.
- **Loss Allowances of Financial Assets**  
The Association recognises impairment 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 categorized into credit risk classes and tested for impairment collectively, using the Association'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 Association's financial position and results.
- **Depreciation of Property, Plant and Equipment**  
The cost 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 method, 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.

## 5. PROPERTY, PLANT AND EQUIPMENT

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

	Building RM	Long Leasehold Land RM	Furniture, Fittings and Office Equipment RM	Sport Equipment RM	Renovation RM	Total RM
<b>Cost</b>						
As at 1st January 2019	13,708,755	2,350	435,904	976,491	190,545	15,314,045
Additions	-	-	35,849	-	102,431	138,280
Revaluation	38,291,245	-	-	-	-	38,291,245
As at 31st December 2019	52,000,000	2,350	471,753	976,491	292,976	53,743,570
<b>Accumulated Depreciation</b>						
As at 1st January 2019	7,391,188	753	309,297	595,616	18,567	8,315,421
Charge for the financial year	274,175	24	14,915	37,060	58,595	384,769
Revaluation	(7,665,363)	-	-	-	-	(7,665,363)
As at 31st December 2019	-	777	324,212	632,676	77,162	1,034,827
<b>Net Carrying Amount</b>						
As at 31st December 2019	52,000,000	1,573	147,541	343,815	215,814	52,708,743
As at 31st December 2018	6,317,567	1,597	126,607	380,875	171,978	6,998,624
<b>Depreciation Charge</b>						
Financial year ended						
31st December 2018	274,175	24	71,911	186,133	18,567	550,810

A valuation was performed on the land and building by an external valuer, Chockalayan P. Mohan (registered valuer, V-365) from TD Aziz Sdn Bhd., an independent valuer on 13th November 2019, using the comparison and investment/cost method and had estimated the market value to be RM60,000,000. However, the tenant has offered an amount of RM52,000,000 to buy over the said building.

6. **SUNDRY RECEIVABLES AND DEPOSITS**

	2019 RM	2018 RM
Gross sundry receivables	9,357,313	7,870,760
Impairment for doubtful debts	<u>(1,000,000)</u>	<u>(1,600,000)</u>
	8,357,313	6,270,760
Deposits	<u>62,700</u>	<u>62,700</u>
	<u>8,420,013</u>	<u>6,333,460</u>
Impairment for doubtful debts:		
Balance as at 1 <sup>st</sup> January	1,600,000	982,025
Written off	-	(982,025)
Reversal for the financial year	(1,000,000)	-
Addition for the financial year	<u>400,000</u>	<u>1,600,000</u>
Balance as at 31 <sup>st</sup> December	<u>1,000,000</u>	<u>1,600,000</u>

7. **REVALUATION RESERVE**

Revaluation reserve represents net surplus from revaluation of building.

8. **DEFERRED TAX LIABILITY**

Deferred tax liability represents real property gain tax arising from revaluation of building during the financial year.

9. **SUNDRY PAYABLES AND ACCRUALS**

	2019 RM	2018 RM
Sundry payables	4,647,072	3,689,148
Accruals	<u>4,989,739</u>	<u>3,198,021</u>
	<u>9,636,811</u>	<u>6,887,169</u>

10. **SUBSIDIES AND SPONSORSHIPS**

	2019 RM	2018 RM
Sponsorships	18,855,545	19,509,445
Subsidies from Government bodies	<u>6,561,392</u>	<u>7,317,406</u>
	<u>25,416,937</u>	<u>26,826,851</u>

11.	<b>RENTAL INCOME</b>	2019 RM	2018 RM
	Rental income from building earned from Sekolah Sri Garden	<u>2,057,250</u>	<u>1,989,000</u>
12.	<b>SUNDRY INCOME</b>		
	Included in sundry income is an amount of RM1,000,000 (2018 – RM Nil) represents the reversal of impairment loss for doubtful debts no longer required.		
13.	<b>COMPETITION, TRAINING AND OTHER EXPENSES</b>	2019 RM	2018 RM
	Deficit for coaching and management courses	15,792	7,301
	Coaching and training	8,104,147	9,961,821
	Participation in local and foreign tournaments and competitions	4,844,917	6,083,329
	Sports equipment and facilities	1,410,651	1,337,803
	State development programme and remuneration	<u>3,591,058</u>	<u>4,142,118</u>
		<u>17,966,565</u>	<u>21,532,372</u>
14.	<b>ADMINISTRATIVE AND OPERATING EXPENSES</b>	2019 RM	2018 RM
	Affiliation fee	50	-
	Auditors' remuneration	15,000	15,000
	Bad debts written off	-	46,588
	Bank charges	5,660	2,846
	Building expenses	-	92,894
	Court rental	-	63,915
	Depreciation	384,769	550,810
	GST	1,500,000	-
	Impairment for doubtful debts	400,000	1,600,000
	Other expenses	<u>4,235,398</u>	<u>3,629,851</u>
		<u>6,540,877</u>	<u>6,001,904</u>
15.	<b>TAXATION</b>		
	There is no tax expense as the income of the Association is tax-exempted under Schedule 6 of the Income Tax Act 1967.		

16. **CASH AND CASH EQUIVALENT**

	2019	2018
	RM	RM
Fixed deposits placed with a licensed bank	-	301,198
Cash in hand and at bank	1,646,051	1,046,421
Bank overdrawn	<u>(598,406)</u>	<u>(926,946)</u>
	<u>1,047,645</u>	<u>420,673</u>

In the previous financial year, the fixed deposits, placed with a licensed bank earn interest of 3.20% - 3.35% per annum and have maturity periods of less than one year.

17. **EMPLOYEES INFORMATION**

	2019	2018
	RM	RM
Staff costs:		
Salaries, allowances and bonuses	9,832,119	11,834,726
Defined contribution plan ("EPF")	979,060	647,793
Social security costs ("SOCSO")	64,741	34,223
Other staff related expenses	<u>56,663</u>	<u>37,300</u>
	<u>10,932,583</u>	<u>12,554,042</u>

18. **CONTINGENT LIABILITY**

	2019	2018
	RM	RM
GST under negotiation and appeal	<u>1,200,000</u>	<u>-</u>

The Association is in the process of negotiating and appealing for GST exemption as the Association is a non-profit organisation, under the Sports Development Act 1997.

19. **SUBSEQUENT EVENT**

The existence and transmission of the infectious disease known as COVID-19 has been widely reported and has rapidly spread globally. This has caused increasing disruption to social, business operations and economic activity in many parts of the world.

As the result of the COVID-19 pandemic there will be an impact of the Association's profitability, liquidity position and potential impacts on future valuations of the Association's assets. The extent and duration of these impact will be highly dependent upon the timing of a recovery.

The council members of the Association are unable to reasonably estimate the financial impact of COVID-19 within the next 12 months after the financial year ended 31 December 2019. In light of the impact COVID-19 is having on the operation, the council members will continuously monitor the impact of COVID-19 on its operations and its financial performance. The Association will also be taking appropriate and timely measures to minimise the impact of the outbreak on the Association's operation. In the worst case scenario, the council members believe that they are able to obtain financial support for the Association.