

KLUANG CHONG HWA CHINESE SCHOOL
197601003213 (29174 - M)
(Incorporated in Malaysia)
(Company limited by guarantee &
not having a share capital)

REPORTS AND FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

Registration No. 197601003213 (29174 - M)

KLUANG CHONG HWA CHINESE SCHOOL
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**REPORTS AND FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022**

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KLUANG CHONG HWA CHINESE SCHOOL

(Incorporated in Malaysia)

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DIRECTORS' REPORT

The directors have pleasure in submitting their report together with the audited financial statements of the Company for the financial year ended 31 December 2022.

PRINCIPAL ACTIVITY

The Company is a private school providing secondary level education. There has been no significant change in the nature of this activity during the financial year.

RESULTS

	RM
Surplus for the financial year	<u>33,676</u>

DIVIDENDS

No dividend shall be distributed as per clause 4 of the Company's Memorandum of Company as the Company is limited by guarantee and not having a share capital.

RESERVES OR PROVISIONS

There were no material transfers to or from reserves or provisions during the financial year other than those disclosed in the financial statements.

BAD AND DOUBTFUL DEBTS

Before the financial statements of the Company were prepared, the directors took reasonable steps to ascertain that action had been taken in relation to the writing off of bad debts and the making of allowance for doubtful debts and had satisfied themselves that no known bad debts written off and that adequate allowance have been made for doubtful debts.

At the date of this report, the directors are not aware of any circumstances which would render the amount written off for bad debts in the financial statements of the Company inadequate to any substantial extent and necessitate the allowance for doubtful debts.

CURRENT ASSETS

Before the financial statements of the Company were prepared, the directors took reasonable steps to ensure that any current assets, which were unlikely to be realised in the ordinary course of business including their values as shown in the accounting records of the Company had been written down to an amount which they might be expected so to realise.

At the date of this report, the directors are not aware of any circumstances which would render the values attributed to the current assets in the financial statements of the Company misleading.

VALUATION METHODS

At the date of this report, the directors are not aware of any circumstances which have arisen which render adherence to the existing method of valuation of assets or liabilities of the Company misleading or inappropriate.

CONTINGENT AND OTHER LIABILITIES

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

- (i) any charge on the assets of the Company which has arisen since the end of the financial year which secures the liabilities of any other person, and
- (ii) any contingent liability in respect of the Company which has arisen since the end of the financial year.

In the opinion of the directors, no contingent liability or other liability of the Company has become enforceable, or is likely to become enforceable, within the period of twelve months after the end of the financial year which will or may affect the ability of the Company to meet its obligations as and when they fall due.

CHANGE OF CIRCUMSTANCES

At the date of this report, the directors are not aware of any circumstances not otherwise dealt with in this report or the financial statements of the Company which would render any amount stated in the financial statements misleading.

ITEMS OF MATERIAL AND UNUSUAL NATURE

In the opinion of the directors,

- (i) the results of the operations of the Company for the financial year were not substantially affected by any item, transaction or event of a material and unusual nature; and
- (ii) 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 the operations of the Company for the financial year in which this report is made.

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DIRECTORS

The directors in office during the financial year and during the period from the end of the financial year to the date of the report are:

Chan Kok Meng	- appointed on 17.02.2023
Chiang Chee Leong	
Chong Lee Kim	
Chow Kok Thye	
Dato' Chai Ngew	
Dato' Sri Gey Ka Hong	- resigned on 19.06.2022
Dato' Sri Pang Chee Khiong	- appointed on 04.11.2022
Goh Ban Peng	
Hong Chen Hee	- appointed on 04.11.2022
Hong Chong Ping	
Kong Yok Lim	- resigned on 19.06.2022
Leong Thiat Eng	- appointed on 04.11.2022
Lim Jeh Ming	- appointed on 04.11.2022
Lim Kang Poh	
Lim Ket Chuan	
Lim Kock Chai	
Luah Aik Chew	
Pang Nyuk Lim	- appointed on 04.11.2022
Ong Puay Ing	- appointed on 04.11.2022
Ong Seng Yeow	
Oo Jecp Kur	
Siau Fook Leong	
Sim Yian Siang	- appointed on 17.02.2023
Tai Kok Kong	
Tan Chee Kian	
Tan Chee Kui	
Tan Cher Chiang	
Tan Chew Boon	
Tan Choon Hiang	
Tan Chuen How	
Tan Eng Joo	
Tan Hong Teck	
Tan Kwong Kiong	
Tan Sin Hoe	
Tan Yong Hwa	
Tok Kim Huwa	
Wai Teck Ming	
Wan Sin Heung	
Yap Chik Sing	
Yaw Kok Kwong	
Yong Chau Jye	

DIRECTORS' BENEFITS

Since the end of the previous financial year, no director of the Company has received or become entitled to receive any benefit or emoluments by reason of a contract made by the Company or a related corporation with the director or with a firm of which the director is a member, or with a company in which the director has a substantial financial interest.

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DIRECTORS' BENEFITS (CONTINUED)

Neither during nor at the end of the financial year was the Company a party to any arrangement whose object was to enable the directors to acquire benefits by means of the acquisition of shares in, or debentures of the Company or any other body corporate.

AUDITORS' REMUNERATION

Audit fee	RM <u>23,000</u>
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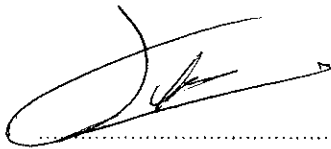
INDEMNITY TO AUDITORS

The Company has agreed to indemnify the auditors of the Company as permitted under Section 289 of the Companies Act 2016 in Malaysia.

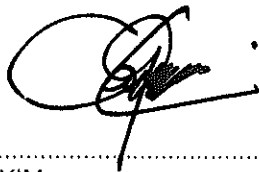
AUDITORS

The auditors, Messrs Baker Tilly Monteiro Heng PLT, have expressed their willingness to continue in office.

This report was approved and signed on behalf of the Board of Directors in accordance with a resolution of the directors:



.....
TAI KOK KONG
Director



.....
CHONG LEE KIM
Director

Kluang

Date: 2 May 2023

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KLUANG CHONG HWA CHINESE SCHOOL
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STATEMENTS OF FINANCIAL POSITION AS AT 31 DECEMBER 2022

	Note	31.12.2022 RM	31.12.2021 RM (Restated)	01.01.2021 RM (Restated)
ASSETS				
Non-current assets				
Property, plant and equipment	5	24,787,394	25,496,910	26,381,461
Other investments	6	28,335,330	23,984,166	19,873,796
Other receivables	7	466,620	465,360	389,960
Total non-current assets		53,589,344	49,946,436	46,645,217
Current assets				
Inventories	8	264,957	332,989	307,480
Trade receivables	9	91,312	132,307	152,671
Other receivables, deposits and prepayments	7	1,022,999	432,413	414,546
Fixed deposits placed with licensed banks	10	22,340,321	22,582,370	23,206,266
Cash and bank balances		698,920	2,224,731	1,148,944
Total current assets		24,418,509	25,704,810	25,229,907
TOTAL ASSETS		78,007,853	75,651,246	71,875,124
EQUITY AND LIABILITIES				
Other funds	11&18	77,638,838	75,121,606	71,045,815
Fair value reserves		(3,617,029)	(3,755,897)	(3,335,151)
Accumulated funds	18	1,507,403	1,473,727	1,892,266
TOTAL EQUITY		75,529,212	72,839,436	69,602,930
Current liabilities				
Trade payables	12	93,945	212,038	36,042
Other payables, deposits and accruals	13	2,384,696	2,599,772	2,236,152
Total current liabilities		2,478,641	2,811,810	2,272,194
TOTAL LIABILITIES		2,478,641	2,811,810	2,272,194
TOTAL EQUITY AND LIABILITIES		78,007,853	75,651,246	71,875,124

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

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**STATEMENTS OF COMPREHENSIVE INCOME
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022**

	Note	2022 RM	2021 RM (Restated)
Income	14&18	10,288,048	9,009,272
Income from other activities		335,053	(171,506)
Other income		1,851,765	1,910,497
		<u>12,474,866</u>	<u>10,748,263</u>
Administrative expenses		(13,065,266)	(11,729,725)
Other expenses		(33,372)	(7,964)
Operating deficit		<u>(623,772)</u>	<u>(989,426)</u>
Finance income		657,448	570,887
Surplus/(Deficit) before tax		<u>33,676</u>	<u>(418,539)</u>
Income tax expense	16	-	-
Surplus/(Deficit) for the financial year		<u>33,676</u>	<u>(418,539)</u>
OTHER COMPREHENSIVE PROFIT/(LOSS)			
<i>Item that will not be reclassified subsequently to profit or loss</i>			
Fair value gain/(loss) of equity instruments designated at fair value through other comprehensive income		219,393	(461,021)
<i>Item that may be reclassified subsequently to profit or loss</i>			
Fair value (loss)/gain of debt instruments at fair value through other comprehensive income		(80,525)	40,275
Total comprehensive income/(loss)		<u>172,544</u>	<u>(839,285)</u>

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**STATEMENTS OF CHANGES IN EQUITY
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022**

	Note	Other Funds RM	Fair Value Reserves RM	Accumulated Funds RM	Total RM
Balance at 1 January 2021 (as previously reported)		70,645,815	(3,335,151)	2,292,266	69,602,930
Reclassification - restated	18	400,000	-	(400,000)	-
Balance at 1 January 2021 (as restated)		71,045,815	(3,335,151)	1,892,266	69,602,930
Donation received - restated	18	4,075,791	-	-	4,075,791
Total Comprehensive loss - restated	18	-	(420,746)	(418,539)	(839,285)
Balance at 31 December 2021 (as restated)		75,121,606	(3,755,897)	1,473,727	72,839,436
Donation received		2,517,232	-	-	2,517,232
Total Comprehensive income		-	138,868	33,676	172,544
Balance at 31 December 2022		77,638,838	(3,617,029)	1,507,403	75,529,212

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**STATEMENTS OF CASH FLOWS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022**

	Note	2022 RM	2021 RM (Restated)
Cash flows from operating activities			
Surplus/(Deficit) before tax	18	33,676	(418,539)
Adjustments for:			
Depreciation		1,128,897	1,201,978
Dividend income		(1,674,152)	(1,179,288)
Gain on disposal of other investments		-	(149,600)
Loss on disposal of property, plant and equipment		4,259	7,294
Impairment loss on trade and other receivables no longer required		(1,650)	-
Impairment loss on trade and other receivables		20,027	-
Interest income		(657,448)	(570,887)
Property, plant and equipment written off		3,006	63
Unrealised gain on foreign exchange		-	(5)
Operating deficit before changes in working capital		(1,143,385)	(1,108,984)
Changes In Working Capital:			
Inventories		68,032	(25,509)
Receivables		(424,392)	45,640
Payables		(333,169)	539,616
Net cash flows used in operating activities		(1,832,914)	(549,237)
Cash flows from investing activities			
Interest received		512,612	452,344
Proceeds from disposal of property, plant and equipment		6,316	2,658
Proceeds from disposal of other investments		-	740,000
Purchase of property, plant and equipment		(432,962)	(327,442)
Purchase of other investments		(4,212,296)	(5,121,516)
Dividend received		1,674,152	1,179,288
Net cash flows used in investing activities		(2,452,178)	(3,074,668)

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STATEMENTS OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022 (CONTINUED)

	Note	2022 RM	2021 RM (Restated)
Cash flows from financing activities			
Fixed deposits held as security value		(1,374)	(1,104)
Receipt of development fund		52,800	43,800
Payment to governor board fund		(4,946)	(7,047)
Receipt of investment fund		223,860	2,242,736
Receipt of million membership fund		14,360	22,450
Receipt of scholarship and subsidy fund		1,013,789	1,573,852
Receipt of financial aid fund		319,879	-
Receipt of sport activity fund	18	897,490	200,000
Net cash flows from financing activities		2,515,858	4,074,687
Net (decrease)/increase in cash and cash equivalents		(1,769,234)	450,782
Effect of foreign exchange difference		-	5
Cash and cash equivalents at the beginning of the financial year		24,534,731	24,083,944
Cash and cash equivalents at the end of the financial year		22,765,497	24,534,731
ANALYSIS OF CASH AND CASH EQUIVALENTS:			
Fixed deposits placed with licensed banks		22,340,321	22,582,370
Fixed deposits held as security value (Note 10)		(273,744)	(272,370)
		22,066,577	22,310,000
Cash and bank balances		698,920	2,224,731
		22,765,497	24,534,731

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

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NOTES TO THE FINANCIAL STATEMENTS

1. GENERAL INFORMATION

The Company is a private school providing secondary level education. There has been no significant change in the nature of this activity during the financial year.

The Company is a company limited by guarantee and not having a share capital, incorporated and domiciled in Malaysia.

The registered office and place of business of the Company are located at Jalan Sekolah Chong Hwa, 86000 Kluang, Johor Darul Takzim.

The financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the directors on 2 May 2023.

2. BASIS OF PREPARATION

2.1 Statement of compliance

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

2.2 Adoption of amendments/improvements to MFRSs

The Company has adopted the following amendments/improvements to MFRSs for the current financial year:

Amendments/Improvements to MFRSs

MFRS 1	First-time Adoption of Malaysian Financial Reporting Standards
MFRS 3	Business Combinations
MFRS 9	Financial Instruments
MFRS 16	Leases
MFRS 116	Property, Plant and Equipment
MFRS 137	Provisions, Contingent Liabilities and Contingent Assets
MFRS 141	Agriculture

The adoption of the above amendments/improvements to MFRSs did not have any significant effect on the financial statements of the Company and did not result in significant changes to the Company's existing accounting policies.

2. BASIS OF PREPARATION (CONTINUED)

2.3 New MFRS, and amendments/improvements to MFRSs that have been issued, but yet to be effective

The Company has not adopted the following new MFRS, and amendments/improvements to MFRSs that have been issued, but yet to be effective:

<u>New MFRS</u>	Effective for financial periods beginning on or after
MFRS 17 Insurance Contracts	1 January 2023
<u>Amendments/Improvements to MFRSs</u>	
MFRS 1 First-time Adoption of Malaysian Financial Reporting Standards	1 January 2023 [#]
MFRS 3 Business Combinations	1 January 2023 [#]
MFRS 5 Non-current Assets Held for Sale and Discontinued Operations	1 January 2023 [#]
MFRS 7 Financial Instruments: Disclosures	1 January 2023 [#]
MFRS 9 Financial Instruments	1 January 2023 [#]
MFRS 10 Consolidated Financial Statements	Deferred
MFRS 15 Revenue from Contracts with Customers	1 January 2023 [#]
MFRS 16 Leases	1 January 2024
MFRS 17 Insurance Contracts	1 January 2023
MFRS 101 Presentation of Financial Statements	1 January 2023/ 1 January 2023 [#] / 1 January 2024
MFRS 107 Statements of Cash Flows	1 January 2023 [#]
MFRS 108 Accounting Policies, Changes in Accounting Estimates and Error	1 January 2023
MFRS 112 Income Taxes	1 January 2023
MFRS 116 Property, Plant and Equipment	1 January 2023 [#]
MFRS 119 Employee Benefits	1 January 2023 [#]
MFRS 128 Investments in Associates and Joint Ventures	Deferred/ 1 January 2023 [#]
MFRS 132 Financial instruments: Presentation	1 January 2023 [#]
MFRS 136 Impairment of Assets	1 January 2023 [#]
MFRS 137 Provisions, Contingent Liabilities and Contingent Assets	1 January 2023 [#]
MFRS 138 Intangible Assets	1 January 2023 [#]
MFRS 140 Investment Property	1 January 2023 [#]

[#] Amendments as to the consequence of effective of MFRS 17 Insurance Contracts

2. BASIS OF PREPARATION (CONTINUED)

2.3 New MFRS, and amendments/improvements to MFRSs that have been issued, but yet to be effective (Continued)

- 2.3.1 The Company plans to adopt the above applicable new MFRS and amendments/improvements to MFRSs when they become effective. A brief discussion on the above significant new MFRS and amendments/improvements to MFRSs that may be applicable to the Company are summarised below.

Amendments to MFRS 10 Consolidated Financial Statements and MFRS 128 Investments in Associates and Joint Ventures

These amendments address an acknowledged inconsistency between the requirements in MFRS 10 and those in MFRS 128, in dealing with the sale or contribution of assets between an investor and its associate or joint venture.

The main consequence of the amendments is that a full gain or loss is recognised when a transaction involves a business, as defined in MFRS 3. A partial gain or loss is recognised when a transaction involves assets that do not constitute a business.

Amendments to MFRS 16 Leases

The amendments clarify how an entity should subsequently measure the leaseback liability that arise in a sale and leaseback transaction. Although MFRS 16 includes requirements on how to account for a sale and leaseback at the date the transaction takes place, it has not specified how to measure the sale and leaseback transaction when reporting after that date.

The amendments add subsequent measurement requirements for the right-of-use assets and lease liability arising from a sale and leaseback transaction by clarifying that a seller-lessee in a sale and leaseback transaction shall apply paragraphs 29 to 35 to the right-of-use asset arising from the leaseback and paragraphs 36 to 46 to the lease liability arising from the leaseback. The amendments will not change the accounting for leases other than those arising in a sale and leaseback transaction.

Amendments to MFRS 101 Presentation of Financial Statements

The amendments include specifying that an entity's right to defer settlement of a liability for at least twelve months after the reporting period must have substance and must exist at the end of the reporting period; clarifying that classification of liability is unaffected by the likelihood of the entity to exercise its right to defer settlement of the liability for at least twelve months after the reporting period; clarifying how lending conditions affect classification of a liability; and clarifying requirements for classifying liabilities an entity will or may settle by issuing its own equity instruments.

In another amendments, an entity is required to disclose its material accounting policy information rather than significant accounting policies. The amendments, amongst others, also include examples of circumstances in which an entity is likely to consider an accounting policy information to be material to its financial statements. To support this amendments, MFRS Practice Statement 2 was also amended to provide guidance on how to apply the concept of materiality to accounting policy information disclosures. The guidance and examples provided in the MFRS Practice Statement 2 highlight the need to focus on entity-specific information and demonstrate how the four-step materiality process can address standardised (or boilerplate) information and duplication of requirements of MFRSs in the accounting policy information disclosures.

2. BASIS OF PREPARATION (CONTINUED)

2.3 New MFRS, and amendments/improvements to MFRSs that have been issued, but yet to be effective (Continued)

- 2.3.1 The Company plans to adopt the above applicable new MFRS and amendments/improvements to MFRSs when they become effective. A brief discussion on the above significant new MFRS and amendments/improvements to MFRSs that may be applicable to the Company are summarised below. (continued)

Amendments to MFRS 101 Presentation of Financial Statements (Continued)

The latest amendments to MFRS 101 clarify how conditions with which an entity must comply within 12 months after the reporting period affect the classification of a liability. As such, the amendments specify that covenants to be complied with after the reporting date do not affect the classification of debt as current or non-current at the reporting date. Instead, the amendments require an entity to disclose information about these covenants in the notes to the financial statements.

Amendments to MFRS 108 Accounting Policies, Changes in Accounting Estimates and Errors

The amendments revise the definition of accounting estimates to clarify how an entity should distinguish changes in accounting policies from changes in accounting estimates. The distinction is important because the changes in accounting estimates are applied prospectively to transactions, other events, or conditions from the date of that change, but changes in accounting policies are generally also applied retrospectively to past transactions and other past events.

Amendments to MFRS 112 Income Taxes

The amendments specify how an entity should account for deferred tax on transactions such as leases and decommissioning obligation.

In specified circumstances, MFRS 112 exempts an entity from recognising deferred tax when it recognises assets or liabilities for the first time. There had been some uncertainties about whether the exemption from recognising deferred tax applied to transactions such as leases and decommissioning obligations – transactions for which an entity recognises both an asset and a liability. The amendments clarify that the exemption does not apply and that entity is required to recognise deferred tax on such transactions.

2.4 Functional and presentation currency

The financial statements of the Company are measured using the currency at the primary economic environment in which it operates (“the functional currency”). The Company’s financial statements are presented in Ringgit Malaysia (“RM”), which is also the Company’s functional currency.

2.5 Basis of measurement

The financial statements of the Company have been prepared on the historical cost basis, except as otherwise disclosed in Note 3 to the financial statements.

2. BASIS OF PREPARATION (CONTINUED)

2.6 Use of estimates and judgement

The preparation of financial statements in conformity with MFRSs requires the use of certain critical accounting estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements, and the reported amounts of the revenue and expenses during the reported period. It also requires directors to exercise their judgement in the process of applying the Company's accounting policies. Although these estimates and judgement are based on the directors' best knowledge of current events and actions, actual results may differ.

The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in Note 4 to the financial statements.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Unless otherwise stated, the following accounting policies have been applied consistently to all the financial years presented in the financial statements of the Company.

3.1 Property, Plant and Equipment and Depreciation

All property, plant and equipment are stated at cost less accumulated depreciation and impairment losses, if any. The policy for the recognition and measurement of impairment losses is in accordance with Note 3.5(b) to the financial statements. Cost includes expenditure that is directly attributable to the acquisition of the asset. When significant parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items of property, plant and equipment.

Freehold land has an unlimited useful life and therefore is not depreciated.

All property, plant and equipment are depreciated on a straight-line basis to write off the cost of each asset to its residual value over the estimated useful lives of the assets concerned. The annual rates used for this purpose are as follows:

Freehold land and buildings	1% - 10%
Electrical equipment and installation	10%
Motor vehicles	20%
Renovation	10%
School equipment	10% - 20%
Furniture and fittings	10%
Sport facility	10%

The residual values and useful lives of property, plant and equipment are reviewed and adjusted if appropriate, at each reporting date. The effects of any revisions of the residual values and useful lives are included in profit or loss for the financial year in which the changes arise.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.1 Property, Plant and Equipment and Depreciation (Continued)

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

3.2 Inventories

Inventories which comprise of books, hostel consumable and consumable stocks are valued at the lower of cost and net realizable value. Cost is determined on the first-in, first-out basis and comprises the original cost of purchase plus the cost of bringing the inventories to their present location and condition. Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs to completion and the estimated costs necessary to make the sale.

3.3 Financial Instruments

Financial instruments are recognised in the statements of financial position when, and only when, the Company become a party to the contract provisions of the financial instrument.

Except for the trade receivables that do not contain a significant financing component or for which the Company has applied the practical expedient, the financial instruments are recognised initially at its fair value plus or minus, in the case of a financial asset or financial liability not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition or issue of the financial asset and financial liability. Transaction costs of financial assets carried at fair value through profit or loss are expensed in profit or loss. Trade receivables that do not contain a significant financing component or for which the Company have applied the practical expedient are measured at the transaction price determined under MFRS 15.

An embedded derivative is recognised separately from the host contract and accounted for as a derivative if, and only if, it is not closely related to the economic characteristics and risks of the host contract and the host contract is not categorised as fair value through profit or loss. The host contract, in the event an embedded derivative is recognised separately, is accounted for in accordance with the policy applicable to the nature of the host contract.

A derivative embedded within a hybrid contract containing a financial asset host is not accounted for separately. The financial asset host together with the embedded derivative is required to be classified in its entirety as a financial asset at fair value through profit or loss.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.3 Financial Instruments (Continued)

(a) Subsequent measurement

The Company categorise the financial instruments as follows:

(i) Financial assets

For the purposes of subsequent measurement, financial assets are classified in four categories:

- Financial assets at amortised cost
- Financial assets at fair value through other comprehensive income with recycling of cumulative gains and losses upon derecognition
- Financial assets designated at fair value through other comprehensive income with no recycling of cumulative gains and losses upon derecognition
- Financial assets at fair value through profit or loss

The classification depends on the entity's business model for managing the financial assets and the contractual cash flows characteristics of the financial assets.

The Company reclassify financial assets when and only when its business model for managing those assets change.

Debt instruments

Subsequent measurement of debt instruments depends on the Company's business model for managing the asset and the cash flow characteristics of the asset. There are three measurement categories into which the Company classifies their debt instruments:

• Amortised cost

Financial assets that are held for collection of contractual cash flows and those cash flows represent solely payments of principal and interest are measured at amortised cost. Financial assets at amortised cost are subsequently measured using the effective interest (EIR) method and are subject to impairment. The policy for the recognition and measurement of impairment losses is in accordance with Note 3.5(a) to the financial statements. Gains and losses are recognised in profit or loss when the financial asset is derecognised, modified or impaired.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.3 Financial Instruments (Continued)

(a) Subsequent measurement (Continued)

(i) Financial assets (Continued)

- **Fair value through other comprehensive income (FVOCI)**

Financial assets that are held for collection of contractual cash flows and for selling the financial assets, and the assets' cash flows represent solely payments of principal and interest, are measured at FVOCI. For debt instruments at FVOCI, interest income, foreign exchange revaluation and impairment losses or reversals are recognised in profit or loss and computed in the same manner as for financial assets measured at amortised cost. The remaining fair value changes are recognised in other comprehensive income. The policy for the recognition and measurement of impairment losses is in accordance with Note 3.5(a) to the financial statements. Upon derecognition, the cumulative fair value change recognised in other comprehensive income is recycled to profit or loss.

- **Fair value through profit or loss (FVPL)**

Financial assets at FVPL include financial assets held for trading, financial assets designated upon initial recognition at fair value through profit or loss, or financial assets mandatorily required to be measured at fair value. Financial assets are classified as held for trading if they are acquired for the purpose of selling or repurchasing in the near term. Derivatives, including separated embedded derivatives, are also classified as held for trading unless they are designated as effective hedging instruments. Financial assets with cash flows that are not solely payments of principal and interest are classified and measured at fair value through profit or loss, irrespective of the business model. Notwithstanding the criteria for debt instruments to be classified at amortised cost or at FVOCI, as described above, debt instruments may be designated at fair value through profit or loss on initial recognition if doing so eliminates, or significantly reduces, an accounting mismatch.

Financial assets at fair value through profit or loss are carried in the statement of financial position at fair value with net changes in fair value recognised in the profit or loss.

Equity instruments

The Company subsequently measures all equity investments at fair value. Upon initial recognition, the Company can make an irrevocable election to classify its equity investments that is not held for trading as equity instruments designated at FVOCI. The classification is determined on an instrument-by-instrument basis.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.3 Financial Instruments (Continued)

(a) Subsequent measurement (Continued)

(i) Financial assets (Continued)

Equity instruments (Continued)

Gains and losses on these financial assets are not recycled to profit or loss. Dividends are recognised as other income in the profit or loss when the right of payment has been established, except when the Company benefit from such proceeds as a recovery of part of the cost of the financial asset, in which case, such gains are recorded in other comprehensive income. Equity instruments designated at FVOCI are not subject to impairment assessment.

(ii) Financial liabilities

The Company classify its financial liabilities in the following measurement categories:

- Financial liabilities at fair value through profit or loss
- Financial liabilities at amortised cost

Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss include financial liabilities held for trading, including derivatives (except for a derivative that is a financial guarantee contract or a designated and effective hedging instrument) or financial liabilities designated into this category upon initial recognition.

Subsequent to initial recognition, financial liabilities at fair value through profit or loss are measured at fair value with the gain or loss recognised in profit or loss.

Financial liabilities designated upon initial recognition at fair value through profit or loss are designated at the initial date of recognition, and only if the criteria in MFRS 9 are satisfied. The Company have not designated any financial liability as at fair value through profit or loss.

Financial liabilities at amortised cost

Subsequent to initial recognition, other financial liabilities are measured at amortised cost using the effective interest method. Gains and losses are recognised in profit or loss through the amortisation process.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.3 Financial Instruments (Continued)

(b) Financial guarantee contracts

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due in accordance with the original or modified terms of a debt instrument.

Financial guarantee contracts are recognised initially as a liability at fair value, net of transaction costs that are directly attributable to the issuance of the guarantee. Subsequent to initial recognition, the liability is measured at the higher of the amount of the loss allowance determined in accordance with Section 5.5 of MFRS 9 and the amount initially recognised, when appropriate, the cumulative amount of income recognised in accordance with the principles of MFRS 15.

(c) Regular way purchase or sale of financial assets

A regular way purchase or sale is a purchase or sale of a financial asset under a contract whose terms require delivery of the asset within the time frame established generally by regulation or convention in the marketplace concerned.

A regular way purchase or sale of financial assets shall be recognised and derecognised, as applicable, using trade date accounting (i.e. the date the Company commit themselves purchase or sell an asset).

Trade date accounting refers to:

- (i) the recognition of an asset to be received and the liability to pay for it on the trade date; and
- (ii) derecognition of an asset that is sold, recognition of any gain or loss on disposal and the recognition of a receivable from the buyer for payment on the trade date.

Generally, interest does not start to accrue on the asset and corresponding liability until the settlement date when title passes.

(d) Derecognition

A financial asset or a part of it is derecognised when, and only when:

- (i) the contractual rights to receive the cash flows from the financial asset expire, or
- (ii) the Company has transferred their rights to receive cash flows from the asset or have assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either (a) the Company has transferred substantially all the risks and rewards of the asset, or (b) the Company has neither transferred nor retained substantially all the risks and rewards of the asset, but have transferred control of the asset.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.3 Financial Instruments (Continued)

(d) Derecognition(Continued)

The Company evaluate if, and to what extent, they have retained the risks and rewards of ownership. When they have neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Company continue to recognise the transferred asset to the extent of their continuing involvement. In that case, the Company also recognise an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Company have retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Company could be required to repay.

On derecognition of a financial asset, the difference between the carrying amount (measured at the date of derecognition) and the consideration received (including any new asset obtained less any new liability assumed) is recognised in profit or loss.

A financial liability or a part of it is derecognised when, and only when, the obligation specified in the contract is discharged, cancelled or expired. On derecognition of a financial liability, the difference between the carrying amount and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss.

(e) Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is presented in the statements of financial position if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

In accounting for a transfer of a financial asset that does not qualify for derecognition, the entity shall not offset the transferred asset and the associated liability.

3.4 Cash and Cash Equivalents

For the purpose of the statements of cash flows, cash and cash equivalents include cash in hand, bank balances, fixed deposits, demand deposit and 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, net of bank overdrafts, deposits pledged to financial institutions and bankers' acceptance.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.5 Impairment of assets

(a) Impairment of financial assets

Financial assets measured at amortised cost, financial assets measured at FVOCI, lease receivables, contract assets or a loan commitment and financial guarantee contracts will be subject to the impairment requirement in MFRS 9 which is related to the accounting for expected credit losses on the financial assets. Expected credit loss is the weighted average of credit losses with the respective risks of a default occurring as the weights.

The Company measure loss allowance at an amount equal to lifetime expected credit loss, except for the following, which are measured as 12-month expected credit loss:

- debt securities that are determined to have low credit risk at the reporting date; and
- other debt securities and bank balances for which credit risk (i.e. risk of default occurring over the expected life of the financial instrument) has not increased significantly since initial recognition.

For trade receivables, contract assets and lease receivables, the Company apply the simplified approach permitted by MFRS 9 to measure the loss allowance at an amount equal to lifetime expected credit losses.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating expected credit loss, the Company consider reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Company's historical experience and informed credit assessment and including forward-looking information.

The Company assume that the credit risk on a financial asset has increased significantly if it is more than 30 days past due.

The Company consider a financial asset to be in default when:

- the borrower is unable to pay its credit obligations to the Company in full, without taking into account any credit enhancements held by the Company; or
- the contractual payment of the financial asset is more than 90 days past due unless the Company has reasonable and supportable information to demonstrate that a more lagging default criterion is more appropriate.

Lifetime expected credit losses are the expected credit losses that result from all possible default events over the expected life of a financial instrument.

12-month expected credit losses are the portion of lifetime expected credit losses that represent the expected credit losses that result from default events on a financial instrument that are possible within the 12 months after the reporting date.

The maximum period considered when estimating expected credit losses is the maximum contractual period over which the Company is exposed to credit risk.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.5 Impairment of assets (Continued)

(a) Impairment of financial assets (Continued)

Expected credit losses are a probability-weighted estimate of credit losses (i.e. the present value of all cash shortfalls) over the expected life of the financial instrument. A cash shortfall is the difference between the cash flows that are due to an entity in accordance with the contract and the cash flows that the entity expects to receive.

Expected credit losses are discounted at the effective interest rate of the financial assets.

At each reporting date, the Company assess whether financial assets carried at amortised cost and debt securities at FVOCI are credit-impaired. 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 include observable data about the following events:

- significant financial difficulty of the issuer or the borrower;
- a breach of contract, such as a default of past due event;
- 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;
- the disappearance of an active market for that financial asset because of financial difficulties; or
- the purchase or origination of a financial asset at a deep discount that reflects the incurred credit losses.

The amount of expected credit losses (or reversal) shall be recognised in profit or loss, as an impairment gain or loss. For financial assets measured at FVOCI, the loss allowance shall be recognised in other comprehensive income and shall not reduce the carrying amount of the financial asset in the statement of financial position.

The gross carrying amount of a financial asset is written off (either partially or in full) to the extent that there is no realistic prospect of recovery. This is generally the case when the Company determine that the debtor does not have assets or source of income that could generate sufficient cash flows to repay the amounts subject to the write-off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Company's procedure for recovery of amounts due.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.5 Impairment of assets (Continued)

(b) Impairment of non-financial assets

The carrying amounts of non-financial assets (except for inventories, contract assets, deferred tax assets, assets arising from employee benefits, investment properties measured at fair value, biological assets and non-current assets or disposal groups classified as held for sale) are reviewed at the end of each reporting period to determine whether there is any indication of impairment. If any such indication exists, the Company make an estimate of the asset's recoverable amount. For goodwill and intangible assets that have indefinite useful life and are not yet available for use, the recoverable amount is estimated at each reporting date.

For the purpose of impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of non-financial assets or cash-generating units ("CGUs"). Subject to an operating segment ceiling test, for the purpose of goodwill impairment testing, CGUs to which goodwill has been allocated are aggregated so that the level at which impairment testing is performed reflects the lowest level at which goodwill is monitored for internal reporting purposes. The goodwill acquired in a business combination, for the purpose of impairment testing, is allocated to a CGU or a group of CGUs that are expected to benefit from the synergies of business combination.

The recoverable amount of an asset or a CGU is the higher of its fair value less costs of disposal and its value-in-use. 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 or CGU. In determining the fair value less costs of disposal, recent market transactions are taken into account. If no such transactions can be identified, an appropriate valuation model is used.

Where the carrying amount of an asset exceed its recoverable amount, the carrying amount of asset is reduced to its recoverable amount. Impairment losses recognised in respect of a CGU or groups of CGUs are allocated first to reduce the carrying amount of any goodwill allocated to those units or groups of units and then, to reduce the carrying amount of the other assets in the unit or groups of units on a pro-rata basis.

Impairment losses are recognised in profit or loss, except for assets that were previously revalued with the revaluation surplus recognised in other comprehensive income. In the latter case, the impairment is recognised in other comprehensive income up to the amount of any previous revaluation.

Impairment losses in respect of goodwill are not reversed. For other assets, an assessment is made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. An impairment loss is reversed only if there has been a change in the estimates used to determine the assets recoverable amount since the last impairment loss was recognised. Reversal of impairment loss is restricted by the asset's carrying amount that would have been determined had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in profit or loss unless the asset is measured at revalued amount, in which case the reversal is treated as a revaluation increase.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.6 Equity Instruments

Ordinary shares are recorded at the nominal value and the consideration in excess of nominal value of shares issued, if any, is accounted for as share premium. Both ordinary shares and share premium are classified as equity.

Dividends on ordinary shares are recognised as liabilities when proposed or declared before the reporting date. A dividend proposed or declared after the reporting date, but before the financial statements are authorised for issue, is not recognised as a liability at the reporting date.

Cost incurred directly attributable to the issuance of the shares are accounted for as a deduction from share premium, if any, otherwise it is charged to the profit or loss. Equity transaction costs comprise only those incremental external costs directly attributable to the equity transaction which would otherwise have been avoided.

3.7 Employee Benefits

(i) Short-term employee benefits

Wages, salaries, bonuses and social security contributions and non-monetary benefits are recognised as expenses in the financial year in which the associated services are rendered by employees. Short-term accumulating compensated absences such as paid annual leave are recognised when services are rendered by employees that increase their entitlement to future compensated absences. Short term non-accumulating compensated absences sick leave, maternity and paternity leave are recognised when absences occur.

(ii) Post-employment benefits

The Company contributes to the Employees' Provident Fund, the national defined contribution plan. The contributions are charged to the profit or loss in the period to which they are related. Once the contributions have been paid, the Company has no further payment obligations.

3.8 Income Recognition

The Company's income is recognised to the extent that it is probable that the economic benefits will flow to the Company and the income can be reliably measured. Income is measured at the fair value of the consideration received or receivable.

- (i) Students' fees are recognised on accrual basis.
- (ii) Donations are recognised on receipt basis.
- (iii) Interest income is recognised on accrual basis.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.9 Income Tax

The tax expense in the profit or loss represents the aggregate amount of current and deferred tax. Current tax is the expected amount of income taxes payable in respect of the taxable profit for the year and is measured using the tax rates that have been enacted at the reporting date.

Deferred tax is provided for, using the liability method, on temporary differences at the reporting date arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. In principle, deferred tax liabilities are recognised for all taxable temporary differences and deferred tax assets are recognised for all deductible temporary differences, unused tax losses and unused tax credits to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, unused tax losses and unused tax credit can be utilised.

Deferred tax is measured at the tax rates that are expected to apply in the period when the asset is realised or the liability is settled, based on tax rates that have been enacted or substantively enacted at the reporting date. Deferred tax is recognised in the profit or loss, except when it arises from transaction which is recognised in other comprehensive income or directly in equity.

4. SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS

4.1 Key sources of estimation uncertainty

Significant areas of estimation, uncertainty and critical judgements in applying accounting policies that have significant effect in determining the amount recognised in the financial year include the following:

(i) Depreciation and useful lives of property, plant and equipment

As disclosed in Note 3.1, the Company review the residual values, useful lives and depreciation methods at the end of each reporting period. 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 therefore, future depreciation charges could be revised.

The carrying amounts of the Company's property, plant and equipment are disclosed in Note 5.

(ii) Impairment of property, plant and equipment

The Company reviews the carrying amount of its investment property and property, plant and equipment to determine whether there is an indication that those assets have suffered an impairment loss in accordance with relevant accounting policies on the investment property and property, plant and equipment. Independent professional valuations to determine the carrying amount of these assets will be procured when the need arise.

**4. SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS
(CONTINUED)**

4.1 Key sources of estimation uncertainty (Continued)

(ii) Impairment of property, plant and equipment (Continued)

As at the end of the financial year under review, the directors are of the view that there is no indication of impairment to these assets and therefore no independent professional valuation was procured by the Company during the financial year to determine the carrying amount of these assets. The carrying amounts of property, plant and equipment are disclosed in Note 5 to the financial statements.

(iii) Impairment of financial assets

The Company assesses at each reporting date whether there is any objective evidence that a financial asset is impaired. To determine whether there is objective evidence of impairment, the Company considers factors such as the probability of insolvency or significant financial difficulties of the receivable and default or significant delay in payments. Where there is objective evidence of impairment, the amount and timing of future cash flows are estimated based on historical loss experience for assets with similar credit risk characteristics.

(iv) Measurement of income taxes

Significant judgement is required in determining the capital allowances and deductibility of certain expenses during the estimation of the provision for income taxes. There are many transactions and calculations for which the ultimate tax determination is uncertain during the course of business. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income tax and deferred income tax provisions in the period in which such determination is made.

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5. PROPERTY, PLANT AND EQUIPMENT

2022	Freehold Land and Buildings RM	Electrical Equipment and Installation RM	Motor Vehicles RM	Renovation RM	School Equipment RM	Furniture and Fittings RM	Sport Facility RM	Total RM
Cost								
At 1 January 2022	25,851,898	1,385,192	215,904	2,642,667	6,890,872	3,349,326	1,785,942	42,121,801
Additions	104,992	11,280	44,495	-	224,460	47,735	-	432,962
Disposals/written off	-	-	(26,396)	-	(36,121)	(17,319)	-	(79,836)
At 31 December 2022	25,956,890	1,396,472	234,003	2,642,667	7,079,211	3,379,742	1,785,942	42,474,927
Accumulated Depreciation/Impairment								
At 1 January 2022	4,510,284	1,129,077	215,902	1,631,213	5,762,455	2,847,223	528,737	16,624,891
Charge for the financial year	281,914	56,569	8,899	188,896	306,267	107,758	178,594	1,128,897
Disposals/written off	-	-	(26,395)	-	(29,222)	(10,638)	-	(66,255)
At 31 December 2022	4,792,198	1,185,646	198,406	1,820,109	6,039,500	2,944,343	707,331	17,687,533
Net Book Value at 31 December 2022	21,164,692	210,826	35,597	822,558	1,039,711	435,399	1,078,611	24,787,394

5. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

2021	Freehold Land and Buildings RM	Electrical Equipment and Installation RM	Motor Vehicles RM	Renovation RM	School Equipment RM	Furniture and Fittings RM	Sport Facility RM	Total RM
Cost								
At 1 January 2021	25,851,898	1,347,287	215,904	2,602,157	6,819,050	3,216,236	1,785,942	41,838,474
Additions	-	37,905	-	40,510	110,985	138,042	-	327,442
Disposals/written off	-	-	-	-	(39,163)	(4,952)	-	(44,115)
At 31 December 2021	25,851,898	1,385,192	215,904	2,642,667	6,890,872	3,349,326	1,785,942	42,121,801
Accumulated Depreciation/impairment								
At 1 January 2021	4,229,342	1,072,331	215,902	1,442,318	5,404,815	2,742,163	350,142	15,457,013
Charge for the financial year	280,942	56,746	-	188,895	387,359	109,441	178,595	1,201,978
Disposals/written off	-	-	-	-	(29,719)	(4,381)	-	(34,100)
At 31 December 2021	4,510,284	1,129,077	215,902	1,631,213	5,762,455	2,847,223	528,737	16,624,891
Net Book Value at 31 December 2021	21,341,614	256,115	2	1,011,454	1,128,417	502,103	1,257,205	25,496,910

Buildings are built with permission on government's education land (Lot 1064) which has been gazetted for Kluang Chong Hwa Chinese School's purposes.

6. OTHER INVESTMENTS

	2022 RM	2021 RM
Financial assets designated at fair value through other comprehensive income ("DFVOCI")		
At fair value:		
Quoted equity securities		
- Within Malaysia	4,797,686	4,693,027
- Outside Malaysia	20,456,860	16,135,094
	25,254,546	20,828,121
Financial assets at fair value through other comprehensive income ("FVOCI")		
At fair value:		
Debt securities within Malaysia	2,765,750	2,846,275
Unit trust	315,034	309,770
	<u>28,335,330</u>	<u>23,984,166</u>

7. OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

	2022 RM	2021 RM
Other receivables	1,316,104	744,442
Less: Portion due more than one year	(466,620)	(465,360)
	849,484	279,082
Less: Impairment loss for other receivable (non current)	(17,000)	(17,000)
	832,484	262,082
Deposits	170,931	167,181
Prepayments	19,584	3,150
	<u>1,022,999</u>	<u>432,413</u>

8. INVENTORIES

	2022 RM	2021 RM
At cost:		
Books	264,957	332,989
	<u>264,957</u>	<u>332,989</u>

9. TRADE RECEIVABLES

The normal credit term of the Company is 7 days (2021 : 7 days).

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9. TRADE RECEIVABLES (CONTINUED)

	2022	2021
	RM	RM
Trade receivables	148,063	170,681
Less: Impairment loss for trade receivables	(56,751)	(38,374)
	<u>91,312</u>	<u>132,307</u>

10. FIXED DEPOSITS PLACED WITH LICENSED BANKS

Fixed deposits placed with a licensed bank amounting to RM273,744/- (2021 : RM272,370/-) are pledged to the bank to secure bank overdraft and trade line facilities.

11. OTHER FUNDS

	31.12.2022	31.12.2021	01.01.2021
	RM	RM	RM
		(Restated)	(Restated)
100th anniversary celebration fund	88,545	88,545	88,545
Administrative building fund	6,868,078	6,868,078	6,868,078
Development fund	985,511	932,711	888,911
Financial aid for needy students	319,879	-	-
Governor board fund	36,064	41,010	48,057
Investment fund	22,963,106	22,739,246	20,496,510
Million membership fund	4,781,464	4,767,104	4,744,654
MML computer equipment and software fund	850,000	850,000	850,000
New millennium education fund	2,109,525	2,109,525	2,109,525
Scholarship and subsidy fund	11,480,741	10,919,962	9,346,110
School computer fund	489,918	489,918	489,918
School multi-purpose building fund	2,594,505	2,594,505	2,594,505
School science and technology building fund	2,925,545	2,925,545	2,925,545
See Seng Memorial Hall fund	800,500	800,000	800,000
Solar system fund	234,944	234,944	234,944
Sport and activity centre fund	6,671,708	6,774,218	6,774,218
Student education fund	246,500	246,500	246,500
Student activities fund	452,510	-	-
The house of learning fund	11,139,795	11,139,795	11,139,795
Zenxin Sport Green Fund	1,600,000	600,000	400,000
	<u>77,638,838</u>	<u>75,121,606</u>	<u>71,045,815</u>

12. TRADE PAYABLES

The normal credit terms granted to the Company is 30 to 60 days (2021 : 30 to 60 days).

13. OTHER PAYABLES, DEPOSITS AND ACCRUALS

	2022 RM	2021 RM
Other payables	1,785,430	2,026,886
Deposits	137,010	128,195
Accruals	462,256	444,691
	<u>2,384,696</u>	<u>2,599,772</u>

14. INCOME

	2022 RM	2021 RM (Restated)
104th anniversary celebration fun fair	603,411	-
Donation for fan	11,340	10,740
Donation for graduation and beautify school yard	27,320	26,706
Donation for newsletters	48,407	38,900
Donation for school fees subsidy	52,404	30,728
Donation for scholarship and sponsor	319,360	205,042
Donation from government	232,000	332,000
Donation from public	4,608	2,200
Education and exhibition fair	46,915	21,528
Educator development fund	87,600	78,600
Miscellaneous income	204,073	63,960
School and miscellaneous fees from student	8,487,346	8,150,078
School educational donations from public	38,470	28,790
School anniversary sports and fun fair	70,000	-
Sponsor for item purchases	54,794	20,000
	<u>10,288,048</u>	<u>9,009,272</u>

15. EMPLOYEE BENEFITS EXPENSES

	2022 RM	2021 RM
Salaries, allowances and wages	9,128,080	8,836,956
Defined contribution plan	1,070,341	1,067,967
Other staff related expenses	336,956	365,253
	<u>10,535,377</u>	<u>10,270,176</u>

16. INCOME TAX EXPENSE

Deferred tax asset have not been recognised in respect of unabsorbed tax losses and unabsorbed capital allowances as private schools formed by a company limited by guarantee was given tax exemption since year 2008.

17. FINANCIAL INSTRUMENTS

(a) Categories of financial instruments

The following table analyses the financial instruments in the statements of financial position by the classes of financial instruments to which they are assigned:

- (i) Amortised cost ("AC")
- (ii) Fair value through other comprehensive income ("FVOCI")
- (iii) Designated fair value through other comprehensive income ("DFVOCI")

	Carrying amount	AC	FVOCI	DFVOCI
At 31 December 2022	RM	RM	RM	RM
Financial assets				
Other investments	28,335,330	-	3,080,784	25,254,546
Trade receivables	91,312	91,312	-	-
Other receivables and deposits	1,470,035	1,470,035	-	-
Cash and bank balances	698,920	698,920	-	-
Fixed deposits placed with licensed banks	22,340,321	22,340,321	-	-
	52,935,918	24,600,588	3,080,784	25,254,546
Financial liabilities				
Trade payables	93,945	93,945	-	-
Other payables, deposits and accruals	2,384,696	2,384,696	-	-
	2,478,641	2,478,641	-	-
At 31 December 2021				
Financial assets				
Other investments	23,984,166	-	3,156,045	20,828,121
Trade receivables	132,307	132,307	-	-
Other receivables and deposits	894,623	894,623	-	-
Cash and bank balances	2,224,731	2,224,731	-	-
Fixed deposits placed with licensed banks	22,582,370	22,582,370	-	-
	49,818,197	25,834,031	3,156,045	20,828,121
Financial liabilities				
Trade payables	212,038	212,038	-	-
Other payables, deposits and accruals	2,599,772	2,599,772	-	-
	2,811,810	2,811,810	-	-

17. FINANCIAL INSTRUMENTS (CONTINUED)

(b) Fair Values

(i) *Recognised financial instruments*

The fair values of the financial assets and liabilities approximate their respective carrying values on the statement of financial position of the Company.

(ii) *Unrecognised financial instruments*

There were no unrecognised financial instruments as at 31 December 2022.

(c) Financial risk management

The operations of the Company are subject to a variety of financial risks, including credit risk, liquidity risk and interest rate risk. The Company has formulated a financial risk management framework whose principal objective is to minimise the Company's exposure to risks and/or costs associated with the financing, investing and operating activities of the Company.

(i) **Credit risk**

Credit risk is the risk of loss that may arise on outstanding financial instruments should a counterparty default on its obligations. The Company's exposure to credit risk arises primarily from trade and other receivables. For other financial assets (including investment securities, cash and bank balances and derivatives), the Company minimise credit risk by dealing exclusively with high credit rating counterparties.

The Company does not hold any collateral as security and other credit enhancements for the above financial assets.

The management has a credit policy in place to monitor and minimise the exposure of default.

As at reporting date, there were no significant concentrations of credit risk in the Company. The maximum exposure to credit risk for the Company is represented by the carrying amount of each financial instrument.

(ii) **Liquidity risk**

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company's exposure to liquidity risk arises principally from its various payables.

The Company maintains a level of cash and cash equivalents and bank facilities deemed adequate by the management to ensure, as far as possible, that it will have sufficient liquidity to meet its liabilities when they fall due.

Maturity analysis

The table below summarises the maturity profile of the Company's liabilities at the reporting date based on contractual undiscounted repayment obligations.

17. FINANCIAL INSTRUMENTS (CONTINUED)

(c) Financial risk management (Continued)

(ii) Liquidity risk (Continued)

	Within one year RM	One to five years RM	Over five years RM	Total RM
As at 31 December 2022				
Financial Liabilities				
Trade and other payables	1,879,375	-	-	1,879,375
Deposits	137,010	-	-	137,010
Accruals	462,256	-	-	462,256
	2,478,641	-	-	2,478,641
As at 31 December 2021				
Financial Liabilities				
Trade and other payables	2,238,924	-	-	2,238,924
Deposits	128,195	-	-	128,195
Accruals	444,691	-	-	444,691
	2,811,810	-	-	2,811,810

(iii) Interest Rate risk

The investments in financial assets are mainly short term in nature and they are not held for speculative purposes but have been mostly placed in deposits with licensed financial institutions.

	Effective Interest rate %	Within 1 year RM	1 - 5 years RM	Total RM
Fixed deposits placed with licensed banks				
As at 31 December 2022	0.95 - 3.90	22,340,321	-	22,340,321
As at 31 December 2021	0.90 - 2.75	22,582,370	-	22,582,370

Sensitivity analysis for fixed rate instruments

Sensitivity analysis does not account for any fixed rate financial assets and therefore a change in interest rates at the end of the reporting period would not affect the profit or loss

18. COMPARATIVE FIGURES

The comparative figures for the financial year ended 1 January 2021 and 31 December 2021 have been adjusted conforms with the current year presentations of the financial statement.

The reclassification on the financial statements are disclosed below:

	As Previously Stated RM	Adjustment/ Reclassification RM	As Restated RM
As at 31 December 2021			
<u>Statements of Financial Position</u>			
Equity			
Other funds	74,521,606	600,000	75,121,606
Accumulated funds	2,073,727	(600,000)	1,473,727
<hr/>			
<u>Statements of Comprehensive Income</u>			
Income	9,209,272	(200,000)	9,009,272
<hr/>			
<u>Statements of Changes in Equity</u>			
Donation received	3,875,791	200,000	4,075,791
Deficit for the financial year	(218,539)	(200,000)	(418,539)
<hr/>			
<u>Statements of Cash Flows</u>			
Deficit before tax	(218,539)	(200,000)	(418,539)
Receipt of sport activity fund	-	200,000	200,000
<hr/>			
As at 1 January 2021			
<u>Statements of financial position</u>			
Equity			
Other funds	70,645,815	400,000	71,045,815
Accumulated funds	2,292,266	(400,000)	1,892,266
<hr/>			
<u>Statements of Changes in Equity</u>			
Other funds	70,645,815	400,000	71,045,815
Accumulated funds	2,292,266	(400,000)	1,892,266
<hr/>			


Registration No. 197601003213 (29174 - M)

KLUANG CHONG HWA CHINESE SCHOOL
(Incorporated in Malaysia)
(Company limited by guarantee & not having a share capital)

STATEMENT BY DIRECTORS
Pursuant to Section 251(2) of the Companies Act 2016

We, **TAI KOK KONG** and **CHONG LEE KIM**, being the directors of the Kluang Chong Hwa Chinese School, do hereby state that in the opinion of the directors, the accompanying financial statements set out on pages 5 to 35 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 Company as at 31 December 2022, and of its financial performance and cash flows for the financial year then ended.

Signed on behalf of the Board of Directors in accordance with a resolution of the director:



.....
TAI KOK KONG
Director



.....
CHONG LEE KIM
Director

Kluang


Date: 2 May 2023

Registration No. 197601003213 (29174 - M)

KLUANG CHONG HWA CHINESE SCHOOL
(Incorporated in Malaysia)
(Company limited by guarantee & not having a share capital)

STATUTORY DECLARATION
Pursuant to Section 251(1) of the Companies Act 2016

I, **ONG PUAY ING**, being the director primarily responsible for the financial management of the Company, do solemnly and sincerely declare that to the best of my knowledge and belief, the accompanying financial statements are 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.

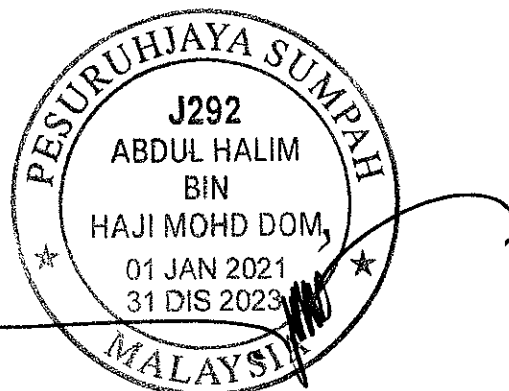


ONG PUAY ING

Subscribed and solemnly declared by the abovenamed at Kluang in the State of Johor on 2 May 2023.

Before me,

.....
Commissioner for Oaths



No: 19B, Jalan Mersing,
86000-Kluang
Johor.
012-7665682

Registration No. 197601003213 (29174 - M)

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**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF
KLUANG CHONG HWA CHINESE SCHOOL**
(Incorporated in Malaysia)

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www.bakertilly.my

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Kluang Chong Hwa Chinese School, which comprise the statement of financial position as at 31 December 2022 of the Company, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the financial year then ended, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages 5 to 35.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Company as at 31 December 2022, and of its financial performance and its cash flows for the financial year then ended in accordance with the Malaysian Financial Reporting Standard, 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.

Information Other than the Financial Statements and Auditors' Report Thereon

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

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

Registration No. 197601003213 (29174 - M)

In connection with our audit of the financial statements of the Company, our responsibility is to read the Directors' Report and, in doing so, consider whether the Directors' Report is materially inconsistent with the financial statements of the Company or our knowledge obtained in the audit or otherwise appears to be materially misstated.

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

Responsibilities of the Directors for the Financial Statements

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

In preparing the financial statements of the Company, the directors are responsible for assessing the Company'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 directors either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

The directors of the Company are responsible for overseeing the Company's financial reporting process.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements of the Company 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 Company, 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 Company's internal control.
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

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

- conclude on the appropriateness of the directors' 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 Company'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 Company 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 Company to cease to continue as a going concern.
- evaluate the overall presentation, structure and content of the financial statements of the Company, including the disclosures, and whether the financial statements of the Company represent the underlying transactions and events in a manner that achieves fair presentation.

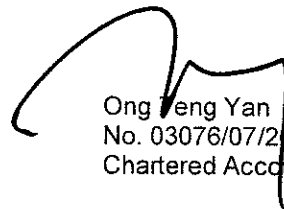
We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Other Matters

This report is made solely to the members of the Company, 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 to any other person for the contents of this report.



Baker Tilly Monteiro Heng PLT
201906000600 (LLP0019411-LCA) & AF 0117
Chartered Accountants



Ong Teng Yan
No. 03076/07/2023 J
Chartered Accountant

Kuala Lumpur

Date: 2 May 2023