

DRAFT ACCOUNT

Approved at Board

Meeting held on _____

Name of Director:

Signature

Name of Director:

Signature

THE SABAH SOCIETY

FINANCIAL REPORT

for the financial year ended 31 December 2021

DRAFT

THE SABAH SOCIETY

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THE SABAH SOCIETY

COMMITTEE MEMBERS

PRESIDENT : DATUK DR. HENG AIK CHENG

VICE PRESIDENT : MR. GEORGE HONG

IMMEDIATE PAST PRESIDENT : MS. STELLA MOO-TAN

HONORARY SECRETARY : MS. CHUA WAN JI

HONORARY TREASURER : MR. NICHOLAS TAN KUNG MING

COMMITTEE MEMBERS : DATUK CHAN CHEW LUN

: DR. ELAINE KONG HOOI KHOON

: MS. CHLOE LEE MEI TCHUIN

: MS. RACHEL YEE

: MR. DAVID THIEN

CO-OPTED MEMBER : MS. EYEN KHOO (*Chairlady, Sandakan Branch*)

EX-OFFICIO : EN. ARIF ABD HAMID (*Director, Sabah Museum*)

THE SABAH SOCIETY

STATEMENT BY PRESIDENT AND HONORARY TREASURER

We, Datuk Dr. Heng Aik Cheng and Nicholas Tan Kung Ming, being the President and Honorary Treasurer of The Sabah Society do hereby state that, in our opinion, the financial statements set out on pages 6 to 14 give a true and fair view of the state of affairs of the Society as at 31 December 2021 and its results and cash flows for the financial year then ended, and have been properly drawn up in accordance with the accounting policies set out in Note 2 to the financial statements and the accounting and other records of the Society.

ON BEHALF OF THE COMMITTEE MEMBERS

Datuk Dr. Heng Aik Cheng
President

Nicholas Tan Kung Ming
Honorary Treasurer

Dated

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF THE SABAH SOCIETY

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Opinion

We have audited the financial statements of The Sabah Society, which comprise the Balance Sheet as at 31 December 2021, and the Statement of Income and Expenditure and Cash Flow Statement of the Society for the financial year then ended, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages 6 to 14.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Society as at 31 December 2021 and of its financial performance and its cash flows for the financial year then ended in accordance with the accounting policies mentioned in Note 2 to the financial statements.

Basis of Opinion

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

Independence and Other Ethical Responsibilities

We are independent of the Society in accordance with the *By-Laws (on Professional Ethics, Conduct and Practice)* of the Malaysian Institute of Accountants ("By-Laws") and the International Ethics Standards Board for Accountants' *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.

Responsibilities of the Committee for the Financial Statements

The Committee are responsible for the preparation of the financial statements of the Society that give a true and fair view in accordance with accounting policies mentioned in Note 2 to the financial statements. The Committee are also responsible for such internal control as the Committee determine is necessary to enable the preparation of financial statements of the Society that are free from material misstatement, whether due to fraud or error.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF THE SABAH SOCIETY

(Cont'd)

Auditors' Responsibilities for the Audit of the Financial Statements

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

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

- Identify and assess the risks of material misstatement of the financial statements of the Society, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Society's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Committee.
- Evaluate the overall presentation, structure and content of the financial statements of the Society, including the disclosures, and whether the financial statements of the Society represent the underlying transactions and events in a manner that achieves fair presentation.

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

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF THE SABAH SOCIETY

(Cont'd)

OTHER MATTERS

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

CROWE MALAYSIA PLT

201906000005 (LLP0018817 – LCA) & AF1018
Chartered Accountants

Dated

Kota Kinabalu

THE SABAH SOCIETY

BALANCE SHEET AS AT 31 DECEMBER 2021

	Note	2021 RM	2020 RM
NON-CURRENT ASSET			
Property and equipment	3	250,629	252,120
CURRENT ASSETS			
Inventories	4	69,631	69,954
Receivables, deposits and prepayments	5	1,160	2,200
Cash and bank balances	6	148,638	151,222
		219,429	223,376
Less: CURRENT LIABILITIES			
Payables	7	1,800	1,800
Current tax liabilities		30	30
		1,830	1,830
NET CURRENT ASSETS			
		217,599	221,546
		468,228	473,666
FINANCED BY			
Accumulated funds	8	468,228	473,666

THE SABAH SOCIETY

STATEMENT OF INCOME AND EXPENDITURE FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

	Note	2021 RM	2020 RM
INCOME			
MEMBERS' FEES			
Subscription fees		3,175	4,625
Sales of:			
- publication		<u>7,456</u>	<u>5,409</u>
		7,456	5,409
Less: DIRECT COSTS			
Opening inventories		242,716	246,802
Publication cost		<u>2,500</u>	-
		245,216	246,802
Less: Closing inventories		<u>242,393</u>	<u>242,716</u>
		2,823	4,086
SURPLUS ON SALES OF BOOKS AND TEE SHIRTS			
		4,633	1,323
		4,633	1,323
OTHER INCOME			
Bantuan Prihatin PERKESO		3,600	1,200
Donation		578	1,461
Deposits paid		-	400
Interest received		4,070	358
KKWG 1 night membership		-	20
Rental income		100	600
Sundry income		197	69
TSS film night		-	10
10% commission on sales		-	23
		<u>8,545</u>	<u>4,141</u>
TOTAL INCOME			
		16,353	10,089
Less: ADMINISTRATIVE EXPENSES	9	<u>21,791</u>	<u>28,842</u>
DEFICIT FOR THE FINANCIAL YEAR BEFORE TAXATION			
		(5,438)	(18,753)
Less: TAX EXPENSE			
		-	-
DEFICIT FOR THE FINANCIAL YEAR AFTER TAXATION			
		<u>(5,438)</u>	<u>(18,753)</u>

THE SABAH SOCIETY

CASH FLOW STATEMENT FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

	Note	2021 RM	2020 RM
CASH FLOWS FOR OPERATING ACTIVITIES			
Deficit for the financial year before taxation		(5,438)	(18,753)
Adjustments for:			
Depreciation of property and equipment		1,491	1,967
Operating deficit before working capital		(3,947)	(16,786)
Decrease in inventories		323	4,086
(Increase)/Decrease in receivables and deposits		1,040	(1,500)
CASH FOR OPERATIONS		(2,584)	(14,200)
Income tax paid		-	(110)
NET CASH FOR OPERATING ACTIVITIES		(2,584)	(14,310)
NET DECREASE IN CASH AND CASH EQUIVALENTS		(2,584)	(14,310)
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR		151,222	165,532
CASH AND CASH EQUIVALENTS AT END OF YEAR	6	148,638	151,222

THE SABAH SOCIETY

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

1. GENERAL INFORMATION

The Society was registered on 16 March 1966 under the Societies Act, 1966 with the objects of stimulating wider interest in the knowledge of the history, geography, the culture, and custom of Sabah and its people and to encourage and assist the recording and the preservation of such knowledge.

The registered office of the Society is located at Lot 34, 1st Floor, Block E, Damai Plaza Phase 4, Luyang, Kota Kinabalu, Sabah Malaysia.

2. SIGNIFICANT ACCOUNTING POLICIES

(a) Accounting Basis

The financial statements have been prepared under the historical cost convention.

(b) Property and Equipment

Property and equipment are stated at cost less accumulated depreciation and accumulated impairment losses, if any.

Shoplot building with unexpired lease period of more than fifty (50) years are classified as long leasehold land and building.

Shoplot building is amortised over the period of nine hundred-nine (909) years.

Other plant and equipment are depreciated on the straight line basis calculated to write off the cost of the plant and equipment over the term of their expected useful lives.

The principal annual rates of depreciation used are as follows:

	%
Renovation	15
Furniture and fittings	10
Office equipment	10

(c) Inventories

Inventories are valued at the lower of cost and net realisable value using the weighted average method. In arriving at the net realisable value, due allowance is made for all slow moving items.

THE SABAH SOCIETY

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(d) Receivables

Receivables are carried at anticipated realisable values. Bad debts are written off when identified. An estimate is made for doubtful debts based on review of all outstanding amounts as at the balance sheet date.

(e) Income Recognition

- (i) Entrance and subscription fees are accounted for on receipt basis.
- (ii) Interest on fixed deposit is recognised on the maturity basis.
- (iii) Sales of books and tee shirts etc. are taken up upon delivery of goods and customers acceptance.

(f) Cash and Cash Equivalents

Cash comprises cash in hand, at bank and fixed deposits. Cash equivalents are highly liquid investments which are readily convertible to cash with short periods to maturity and are subject to an insignificant risk of changes in value.

(g) Impairment

The carrying amounts of the Society's assets, other than inventories and financial assets, are reviewed at each balance sheet date to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated. An impairment loss is recognised whenever the carrying amount of an asset or the cash-generating unit to which it belongs exceeds its recoverable amount. Impairment losses are recognised in the income statement. Any subsequent increase in recoverable amount is also recognised in the income statement.

The recoverable amount is the greater of the asset's net selling price and its value in use. In assessing value in use, estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessment of the time value of money and the risk specific to the asset. For an asset that does not generate largely independent cash inflows, the recoverable amount is determined for the cash-generating unit to which the asset belongs.

THE SABAH SOCIETY

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(g) Impairment (Cont'd)

An impairment loss in respect of assets is reversed if there has been a change in the estimates used to determine the recoverable amount.

An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss has been recognised. The reversal is recognised in the income statement, unless it reverses an impairment loss on a revalued asset, in which case it is taken to equity.

3. PROPERTY AND EQUIPMENT

	At 1.1.2021 RM	Depreciation Charges RM	At 31.12.2021 RM
<i>Carrying Amount</i>			
Shoplot building	239,456	(269)	239,187
Renovation	6	-	6
Furniture and fittings	5,693	(126)	5,567
Office equipment	6,965	(1,096)	5,869
	252,120	(1,491)	250,629

	At Cost RM	Accumulated Depreciation RM	Carrying Amount RM
2021			
Shoplot building	244,020	(4,833)	239,187
Renovation	34,407	(34,401)	6
Furniture and fittings	25,639	(20,072)	5,567
Office equipment	49,051	(43,182)	5,869
	353,117	(102,488)	250,629

2020			
Shoplot building	244,020	(4,564)	239,456
Renovation	34,407	(34,401)	6
Furniture and fittings	25,639	(19,946)	5,693
Office equipment	49,051	(42,086)	6,965
	353,117	(100,997)	252,120

THE SABAH SOCIETY

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

4. INVENTORIES

	2021 RM	2020 RM
Inventories-in-trade		
- Books and publication	238,832	239,155
- Tee shirts	3,561	3,561
	<u>242,393</u>	<u>242,716</u>
Less: Allowance for slow moving inventories	172,762	172,762
	<u>69,631</u>	<u>69,954</u>

5. RECEIVABLES, DEPOSITS AND PREPAYMENTS

	2021 RM	2020 RM
Receivables	860	1,500
Deposits	250	650
Prepayments	50	50
	<u>1,160</u>	<u>2,200</u>

6. CASH AND BANK BALANCES

	2021 RM	2020 RM
Fixed deposit	139,062	135,020
Cash at banks	9,311	15,937
Cash in hand	265	265
	<u>148,638</u>	<u>151,222</u>

THE SABAH SOCIETY

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

7. PAYABLES

	RM	RM
Payables	<u>1,800</u>	<u>1,800</u>

8. ACCUMULATED FUNDS

	2021 RM	2020 RM
General Fund		
At 1 January	473,666	492,419
Deficit for the financial year	<u>(5,438)</u>	<u>(18,753)</u>
At 31 December	<u>468,228</u>	<u>473,666</u>

9. ADMINISTRATIVE EXPENSES

	2021 RM	2020 RM
Auditors' honorarium	1,800	1,800
Bank charges	149	180
Cleaning service	-	50
Depreciation of property and equipment	1,491	1,967
Deposit written off	400	-
Electricity and water	683	605
Employees' Provident Fund contributions	1,440	2,530
Food and refreshment	-	50
Insurance	818	815
Miscellaneous expenses	784	433
Postage and telephone	595	1,462
Printing and stationery	306	541
Professional fees	1,200	2,381
Rates and assessment	553	656
Amount brought forward	<u>10,219</u>	<u>13,470</u>

THE SABAH SOCIETY

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

9. ADMINISTRATIVE EXPENSES (CONT'D)

	2021 RM	2020 RM
Amount carried forward	10,219	13,470
Rental expenses	-	200
Repair and maintenance	-	746
Salary, bonus and allowances	7,850	11,141
Service charges	1,378	1,312
Service tax	206	136
Socso	174	287
Sundry expenses	196	2
Website charges	1,768	1,548
	<u>21,791</u>	<u>28,842</u>