20TH Anniversary
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20 YEARS OF TRANSFORMATION

FINANCIAL

STATEMENTS

CERTIFICATE OF THE AUDITOR GENERAL ON THE FINANCIAL STATEMENTS OF COMPANIES COMMISSION OF MALAYSIA FOR THE YEAR ENDED 31 DECEMBER 2022

Certificate on the Audit of the Financial Statements

Opinion

I have authorised a private audit firm pursuant to subsection 7(3) of the Audit Act 1957 [Act 62] to undertake an audit of the Financial Statements of the Companies Commission of Malaysia. The financial statements comprise the Statement of Financial Position as at 31 December 2022 of the Companies Commission of Malaysia and the Statement of Financial Performance, Statement of Changes in Net Assets/ Equity, Statement of Cash Flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages 3 to 110.

In my opinion, the accompanying financial statements give a true and fair view of the financial position of the Companies Commission of Malaysia as at 31 December 2022, and of its financial performance and its cash flows for the year then ended in accordance with the Malaysian Public Sector Accounting Standards (MPSAS) and the Companies Commission of Malaysia Act 2001 [*Act 614*] requirements.

Basis for Opinion

The audit was conducted in accordance with the Audit Act 1957 and the International Standards of Supreme Audit Institutions. My responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of my certificate. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Independence and Other Ethical Responsibilities

I am independent of the Companies Commission of Malaysia and I have fulfilled my other ethical responsibilities in accordance with the International Standards of Supreme Audit Institutions.

Information Other than the Financial Statements and Auditor's Certificate Thereon

The Members of Commission of the Companies Commission of Malaysia is responsible for the other information in the Annual Report. My opinion on the Financial Statements of the Companies Commission of Malaysia does not cover the other information than the financial statements and Auditor's Certificate thereon and I do not express any form of assurance conclusion thereon.

Responsibilities of the Members of Commission for the Financial Statements

The Members of Commission is responsible for the preparation of Financial Statements of the Companies Commission of Malaysia that give a true and fair view in accordance with the Malaysian Public Sector Accounting Standards (MPSAS) and the Companies Commission of Malaysia Act 2001 [*Act 614*] requirements. The Members of Commission is also responsible for such internal control as the Members of Commission determines is necessary to enable the preparation of the Financial Statements of the Companies Commission of Malaysia that are free from material misstatement, whether due to fraud or error.

In preparing the Financial Statements of the Companies Commission of Malaysia, the Members of Commission is responsible for assessing the Companies Commission of Malaysia's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting.

Auditor's Responsibilities for the Audit of the Financial Statements

My objectives are to obtain reasonable assurance about whether the Financial Statements of the Companies Commission of Malaysia as a whole are free from material misstatement, whether due to fraud or error, and to issue an Auditor's Certificate that includes my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the International Standards of Supreme Audit Institutions 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 the International Standards of Supreme Audit Institutions, I exercise professional judgement and maintain professional scepticism throughout the audit. I also:

a. identify and assess the risks of material misstatement of the Financial Statements of the Companies Commission of Malaysia, 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 my 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;

b. 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 Companies Commission of Malaysia's internal control;

c. evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Members of Commission;

d. conclude on the appropriateness of the Members of Commission's 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 Companies Commission of Malaysia's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my Auditor's Certificate to the related disclosures in the Financial Statements of the Companies Commission of Malaysia or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of Auditor's Certificate. However, future events or conditions may cause the Companies Commission of Malaysia to cease to continue as a going concern; and

e. evaluate the overall presentation, structure and content of the Financial Statements of the Companies Commission of Malaysia, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

The Members of Commission has been informed regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I have identify during the audit.

Other Matters

Companies Commission of Malaysia should take note of the followings:

a. As stated in Note 2 to the financial statements, Companies Commission of Malaysia adopted Malaysian Public Sector Accounting Standards (MPSAS) on 1 January 2022 with a transition date of 1 January 2021. These standards were applied retrospectively by the Members of Commission to the comparative information in these financial statements, including the Statement of Financial Position of the Companies Commission of Malaysia as at 31 December 2021 and 1 January 2021, and the Statement of Financial Performance, Statement of Changes in Net Assets/ Equity, and Statement of Cash Flows of the Companies Commission of Malaysia for the year then ended 31 December 2021 and related disclosures. I was not engaged to report on the restated comparative information and it is unaudited. My responsibilities as part of the audit on the Financial Statements of the Companies Commission of Malaysia for the year then ended 31 December 2022, in these circumstances, included obtaining sufficient appropriate audit evidence that the opening balances as at 1 January 2022 do not contain misstatements that materially affect the financial position as at 31 December 2022 and the financial performance and cash flows for the year then ended.

b. The Companies Commission of Malaysia needs to expedite the finalisation of its new accounting system and integrate it with the other existing systems to prepare the financial statements for reporting purposes in accordance with MPSAS requirements. By addressing this matter, it can eliminate manual adjustments, including the recording of receivables and payables, debtor and creditor ageing reports and investment transactions, to ensure the accuracy of the reported financial statements.

This certificate is made solely to the Members of Commission of the Companies Commission of Malaysia in accordance with the Companies Commission of Malaysia Act 2001 [*Act 614*] requirements, and for no other purpose. I do not assume responsibility to any other person for the content of this certificate.

(DATUK WAN SURAYA BINTI WAN MOHD RADZI)
AUDITOR GENERAL
MALAYSIA

PUTRAJAYA
27 DECEMBER 2023

COMPANIES COMMISSION OF MALAYSIA

(Established under the Companies Commission of Malaysia Act 2001)

STATEMENT BY CHAIRMAN AND A MEMBER OF THE COMPANIES COMMISSION OF MALAYSIA

We, **AHMAD SABKI BIN YUSOF** and **DATUK NOR AZIMAH BINTI ABDUL AZIZ**, being the Chairman and a member of the **COMPANIES COMMISSION OF MALAYSIA**, do hereby state that in the opinion of the Members of the Commission, the Financial Statements consisting of Statement of Financial Position, Statement of Financial Performance, Statement of Changes in Net Assets/ Equity and Statement of Cash Flows together with the notes to the Financial Statements, are drawn up so as to give a true and fair view of the state of affairs of the **COMPANIES COMMISSION OF MALAYSIA** as at 31 December 2022 and of the results of its operations and of its cash flows for the year ended on that date.

On behalf of the Commission,

....

Name : **AHMAD SABKI BIN YUSOF**

Designation : **CHAIRMAN OF THE COMMISSION**

Date : **20 JUNE 2023**

Place : **KUALA LUMPUR**

On behalf of the Commission,

....

Name : **DATUK NOR AZIMAH BINTI ABDUL AZIZ**

Designation : **MEMBER OF THE COMMISSION**

Date : **20 JUNE 2023**

Place : **KUALA LUMPUR**

COMPANIES COMMISSION OF MALAYSIA

(Established under the Companies Commission of Malaysia Act 2001)

STATUTORY DECLARATION BY THE OFFICER PRIMARILY RESPONSIBLE FOR THE FINANCIAL MANAGEMENT OF THE COMMISSION

I, **AMIR BIN AHMAD**, being the officer primarily responsible for the accounting records and financial management of the **COMPANIES COMMISSION OF MALAYSIA** do solemnly and sincerely declare that the Statement of Financial Position, Statement of Financial Performance, Statement of Changes in Net Assets/ Equity and Statement of Cash Flows together with the notes to the Financial Statements are to the best of my knowledge and belief, correct and I make this solemn declaration conscientiously believing the same to be true, and by virtue of the provisions of the Statutory Declaration Act, 1960.

Subscribed and solemnly)
declared by the above named)
at Kuala Lumpur in the Federal)
Territory on **20 JUNE 2023**)

....

AMIR BIN AHMAD

Deputy Chief Executive Officer
(Corporate Services)

Before me,

PESURUHJAYA SUMPAH
W1012
ALI BIN OMAR
1-12-2022-31-12-2024
MALAYSIA
Tingkat 1 L, Blok A2-2 Wisma Yakin
Jalan Masjid India, 50100 Kuala Lumpur

COMMISSIONER FOR OATHS

COMPANIES COMMISSION OF MALAYSIA

(Established under the Companies Commission of Malaysia Act 2001)

STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2022

	NOTE	31-DEC-22 RM	RESTATED 31-DEC-21 RM	RESTATED 1-JAN-21 RM
ASSETS				
Current Assets				
Cash And Cash Equivalents	5	150,846,920	134,358,188	121,165,071
Deposits With Licensed Financial Institutions	6	570,000,000	530,000,000	565,000,000
Financial Investments Designated At Held-To-Maturity	7	5,101,500	62,011,214	57,084,133
Receivables From Non-Exchange Transactions	8	4,214,223	5,747,579	3,970,819
Receivables From Exchange Transactions	9	54,015,087	38,160,031	36,391,706
Staff Financing	10	5,000,524	5,076,024	5,474,787
Inventories	11	-	-	277,820
Total Current Assets		**789,178,254**	**775,353,036**	**789,364,336**
Non-Current Assets				
Financial Investments Designated At Held-To-Maturity	7	494,063,601	364,049,765	245,732,673
Staff Financing	10	36,531,074	39,375,232	43,344,579
Property, Fittings And Equipment	12	154,873,336	159,594,240	199,781,955
Investment Properties	13	44,330,540	45,705,540	9,520,000
Total Non-Current Assets		**729,798,551**	**608,724,777**	**498,379,207**
TOTAL ASSETS		**1,518,976,805**	**1,384,077,813**	**1,287,743,543**

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

COMPANIES COMMISSION OF MALAYSIA

(Established under the Companies Commission of Malaysia Act 2001)

STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2022

(continued)

	NOTE	31-DEC-22 RM	RESTATED 31-DEC-21 RM	RESTATED 1-JAN-21 RM
LIABILITIES				
Current Liabilities				
Payables From Exchange Transactions	14	75,568,236	58,167,404	57,010,096
Federal Consolidated Fund	15	54,234,055	49,112,562	46,821,768
Taxation And Zakat	16	23,900,000	23,000,000	23,760,905
Provision For Employee Benefits	17	1,554,718	1,982,464	2,761,474
Total Current Liabilities		**155,257,009**	**132,262,430**	**130,354,243**
Non-Current Liabilities				
Provision For Employee Benefits	17	41,733,404	34,160,227	32,106,776
Total Non-Current Liabilities		**41,733,404**	**34,160,227**	**32,106,776**
Total Liabilities		**196,990,413**	**166,422,657**	**162,461,019**
NET ASSETS		**1,321,986,392**	**1,217,655,156**	**1,125,282,524**
NET ASSETS/ EQUITY				
Staff Financing Fund	18	91,000,000	91,000,000	91,000,000
Accumulated Surplus		1,230,986,392	1,126,655,156	1,034,282,524
TOTAL NET ASSET/ EQUITY		**1,321,986,392**	**1,217,655,156**	**1,125,282,524**

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

COMPANIES COMMISSION OF MALAYSIA

(Established under the Companies Commission of Malaysia Act 2001)

STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 31 DECEMBER 2022

	NOTE	31-DEC-22 RM	RESTATED 31-DEC-21 RM
Revenue			
Revenue From Non-Exchange Transactions	19	368,926,110	310,970,029
Revenue From Exchange Transactions	20	133,806,810	112,822,542
Total Revenue		**502,732,920**	**423,792,571**
Expenses			
Staff Costs	21	194,166,953	158,394,525
Administration Costs	22	118,289,952	91,456,201
Finance Costs		52,250	44,150
Other Expenses	23	7,378,012	10,189,153
Total Expenses		**319,887,167**	**260,084,029**
Surplus before Federal Consolidated Fund		**182,845,753**	**163,708,542**
Federal Consolidated Fund	15	54,838,051	49,112,562
Surplus before taxation and zakat		**128,007,702**	**114,595,980**
Taxation and zakat	16	23,676,466	22,223,348
Surplus for the year		**104,331,236**	**92,372,632**

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

COMPANIES COMMISSION OF MALAYSIA

(Established under the Companies Commission of Malaysia Act 2001)

STATEMENT OF CHANGES IN NET ASSETS/ EQUITY FOR THE YEAR ENDED 31 DECEMBER 2022

	ACCUMULATED SURPLUS RM	STAFF FINANCING FUND RM	TOTAL RM
Balance as at 01 January 2021			
As previously reported	1,034,410,950	91,000,000	**1,125,410,950**
Effects of MPSAS adoption	(128,426)	-	**(128,426)**
As restated	1,034,282,524	91,000,000	**1,125,282,524**
Changes in net assets/ equity for 2021			
Surplus for the year	92,372,632	-	**92,372,632**
Balance as at 31 December 2021	**1,126,655,156**	**91,000,000**	**1,217,655,156**
Changes in net assets/ equity for 2022			
Surplus for the year	104,331,236	-	**104,331,236**
Balance as at 31 December 2022	**1,230,986,392**	**91,000,000**	**1,321,986,392**

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

COMPANIES COMMISSION OF MALAYSIA

(Established under the Companies Commission of Malaysia Act 2001)

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2022

	31-DEC-22 RM	RESTATED 31-DEC-21 RM	RESTATED 1-JAN-21 RM
CASH FLOWS FROM OPERATING ACTIVITIES			
Surplus for the year	128,007,702	114,595,980	109,250,791
Adjustments for:			
Depreciation of property, fittings and equipment	7,378,012	9,836,333	10,506,169
Impairment of inventories/ work in progress	-	277,820	8,589,930
Bad debt written-off	-	75,000	-
Amortisation on financial investments designated at held-to-maturity	52,250	44,150	37,962
Transfer from work in progress	-	248,350	-
Gain from disposal of property, fittings and equipment	(400,664)	(120)	(479)
Interest and dividend from deposit and investments	(33,987,553)	(29,087,921)	(31,503,614)
Interest income and changes in fair value of staff financing	(1,874,753)	(1,902,468)	(2,911,502)
Cash flow from operations before changes in working capital	**99,174,994**	**94,087,124**	**93,969,257**
Changes in working capital:			
Changes in receivables from non-exchange transactions	1,533,356	(1,776,760)	1,059,921
Changes in receivables from exchange transactions	(15,855,056)	(1,843,325)	10,238,582
Changes in Federal Consolidated Fund	5,121,493	2,290,794	(2,073,406)
Changes in payables from exchange transactions	17,400,832	1,157,308	(6,606,801)
Changes in provision for employee benefits	7,145,431	1,274,441	4,090,316
Cash flow from operations after changes in working capital	**114,521,050**	**95,189,582**	**100,677,869**
Payment for taxation and zakat	**(22,776,466)**	**(22,984,253)**	**(24,911,095)**
Net cash flows from operating activities	**91,744,584**	**72,205,329**	**75,766,774**

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

COMPANIES COMMISSION OF MALAYSIA

(Established under the Companies Commission of Malaysia Act 2001)

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2022
(continued)

	31-DEC-22 RM	RESTATED 31-DEC-21 RM	RESTATED 1-JAN-21 RM
CASH FLOWS FROM INVESTING ACTIVITIES			
Net acquisition of property, fittings and equipment	(1,300,262)	(6,082,805)	(6,914,351)
Proceeds from disposal of property, fittings and equipment	418,818	417	593
Interest and dividend from deposit and investments	33,987,553	29,087,921	31,503,614
Net deposits with licensed financial institutions	(40,000,000)	35,000,000	50,000,000
Financial investments designated at held-to-maturity	(73,156,372)	(123,288,323)	(158,054,801)
Net from staff financing	4,794,411	6,270,578	5,554,857
Net cash flows from investing activities	**(75,255,852)**	**(59,012,212)**	**(77,910,088)**
Net increase in cash and cash equivalents	**16,488,732**	**13,193,117**	**(2,143,314)**
Cash and cash equivalents at beginning of the year	**134,358,188**	**121,165,071**	**123,308,385**
Cash and cash equivalents at end of the year	**150,846,920**	**134,358,188**	**121,165,071**

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

COMPANIES COMMISSION OF MALAYSIA

(Established under the Companies Commission of Malaysia Act 2001)

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2022

1. CORPORATE INFORMATION AND PRINCIPAL ACTIVITIES

The Companies Commission of Malaysia ("Commission") is a statutory body established under the Companies Commission of Malaysia Act 2001 (Act 614). The principal activities of the Commission are the regulation of corporations, companies and businesses under the Companies Act 2016, Interest Schemes Act 2016, Companies Act 1965, Registration of Business Act 1956, Limited Liability Partnership 2012, Trust Companies Act 1949, Kootu Funds (Prohibition) Act 1971 and any subsidiary legislations made under the above Acts.

There were no significant changes in the nature of these principal activities during the financial year.

The Commission's headquarter office is located at Menara SSM@Sentral, No 7, Jalan Stesen Sentral 5, Kuala Lumpur Sentral, 50623 Kuala Lumpur, Malaysia. It has 21 State, Branches and Service Centre offices nationwide.

The financial statements for the financial year ended 31 December 2022 was tabled and duly approved by the Members of the Companies Commission of Malaysia on **20 June 2023.**

2. BASIS OF PREPARATION OF FINANCIAL STATEMENTS

The financial statements comply with Malaysian Public Sector Accounting Standards (MPSASs) for the accrual basis of accounting. The measurement base applied is historical cost. Note 29 to the financial statements explains the Commission's transition from Malaysian Private Entities Reporting Standards (MPERS) to MPSAS.

MPSAS 33 allows a first-time adopter a period of up to three (3) years to recognise and/or measure certain assets and/or liabilities. In its transition to accrual basis MPSASs on 01 January 2022 and for the current financial year, the Commission has taken advantage of this transitional exemption for the measurement of long-term employee benefits.

The financial statements are presented in Ringgit Malaysia (RM), which is the functional and presentation currency of the Commission. The financial statements have been prepared on a going concern basis, and the accounting policies have been consistently applied throughout the period.

3. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies set out below have been consistently applied by the Commission in the reporting period of the financial statements, unless otherwise stated.

3.1. Financial Instruments - Financial Assets

(i) Classification

The Commission classifies its financial assets in the following categories:

- fair value through surplus or deficit;
- loans and receivables;
- available-for-sale; and
- held-to-maturity.

COMPANIES COMMISSION OF MALAYSIA

(Established under the Companies Commission of Malaysia Act 2001)

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2022

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.1. Financial Instruments - Financial Assets (Continued)

(i) Classification (continued)

The classification depends on the purpose for which the financial assets were acquired. The Commission determines the classification at initial recognition and, in the case of assets classified as held-to-maturity, re- evaluates this designation at the end of each reporting period.

<u>Financial Assets At Fair Value Through Surplus Or Deficit</u>

Financial assets at fair value through surplus or deficit include financial assets held for trading and financial assets designated upon initial recognition at fair value through surplus and deficit. Financial assets are classified as held for trading if they are acquired for the purpose of selling or repurchasing in the near term.

Financial assets at fair value through surplus or deficit are carried in the Statement of Financial Position at fair value with changes in fair value recognised in surplus or deficit.

<u>Loans and Receivables</u>

Loans and receivables are non- derivative financial assets with fixed or determinable payments that are not quoted in an active market. If collection of the amounts is expected in one (1) year or less they are classified as current assets. If not, they are presented as non- current assets.

The subsequent measurement of these financial assets is at amortized cost using the effective interest method, less impairment. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the effective interest rate. Losses arising from impairment are recognised in the surplus or deficit.

<u>Available For Sale Financial Assets</u>

Available-for-sale financial assets are non-derivatives that are either designated in this category or not classified in any of the other categories.

After initial measurement, available-for- sale financial assets are subsequently measured at fair value with gains or losses recognised directly in net assets through the Statement of Changes In Net Assets/ Equity until the financial asset is derecognised, at which time the cumulative gain or loss is recognised in surplus or deficit.

COMPANIES COMMISSION OF MALAYSIA

(Established under the Companies Commission of Malaysia Act 2001)

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2022

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.1. Financial Instruments - Financial Assets (Continued)

(i) Classification (continued)

Held To Maturity Financial Assets

Held-to-maturity financial assets are non-derivative quoted financial assets with fixed or determinable payments and fixed maturities that the Commission has the positive intention and ability to hold to maturity.

If the Commission were to sell other than an insignificant amount of held-to- maturity financial assets, the whole category would be tainted and reclassified as available for sale.

Held-to-maturity financial assets are included in non-current assets, except for those with maturities less than 12 months from the end of the reporting period, which are classified as current assets.

(ii) Initial Recognition and Measurement

Regular purchases and sales of financial assets are recognised on the settlement date. Financial assets are initially recognised at fair value plus transaction costs that are directly attributable to the acquisition of the financial asset for all financial assets not carried at fair value through surplus or deficit. Financial assets at fair value through surplus or deficit are initially recognised at fair value, and transaction costs are expensed in profit or loss.

For concessionary loans provided the difference between the loan proceeds and the fair value (based on market terms) is treated as an expense in surplus or deficit on initial recognition except when the loan is provided to a controlled entity where the difference represents a capital contribution.

Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the marketplace (regular way trades) are recognised on the trade date, i.e., the date that the Commission commits to purchase or sell the asset.

The Commission financial assets include cash and short-term deposits, loans and other receivables, quoted and unquoted financial instruments and derivative financial instruments.

(iii) Subsequent Measurement

Available-for-sale financial assets and financial assets at fair value through surplus or deficit are subsequently carried at fair value. Loans and receivables and held-to-maturity financial assets are subsequently carried at amortised cost using the effective interest method.

Changes in the fair values of financial assets at fair value through surplus or deficit, including the effects of currency translation, interest and dividend income are recognised in surplus or deficit in the period in which the changes arise.

COMPANIES COMMISSION OF MALAYSIA
(Established under the Companies Commission of Malaysia Act 2001)

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2022

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.1. Financial Instruments - Financial Assets (Continued)

(iii) Subsequent Measurement (continued)

Changes in the fair value of available- for-sale financial assets are recognised in net assets/equity, except for impairment losses and foreign exchange gains and losses on monetary assets. Interest and dividend income on available-for-sale financial assets are recognised separately in surplus or deficit. Interest on available-for-sale debt securities calculated using the effective interest method is recognised in surplus or deficit. Dividends income on available-for-sale equity instruments are recognised in surplus or deficit when the Commission's right to receive payments is established.

(iv) Impairment of Financial Assets

Financial Assets Carried At Amortised Cost

For financial assets carried at amortised cost, The Commission first assesses whether objective evidence of impairment exists individually for financial assets that are individually significant, or collectively for financial assets that are not individually significant.

If the Commission determines that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, it includes the asset in a group of financial assets with similar credit risk characteristics and collectively assesses them for impairment. Assets that are individually assessed for impairment and for which an impairment loss is, or continuous to be, recognised are not included in a collective assessment of impairment.

If there is objective evidence that an impairment loss has been incurred, the amount of the loss is measured as the difference between the assets carrying amount and the present value of estimated future cash flows (excluding future expected credit losses that have not yet been incurred). The present value of the estimated future cash flows is discounted at the financial asset's original effective interest rate. If a loan has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate.

The carrying amount of the asset is reduced through the use of an allowance account and the amount of the loss is recognised in surplus or deficit. Loans together with the associated allowance are written off when there is no realistic prospect of future recovery and all collateral has been realised or transferred to the Commission. If, in a subsequent year, the amount of the estimated impairment loss increases or decreases because of an event occurring after the impairment was recognised, the previously recognised impairment loss is increased or reduced by adjusting the allowance account. If a future write-off is later recovered, the recovery is credited to finance costs in surplus or deficit.

Available For Sale Financial Assets

For available-for-sale financial assets, the Commission assesses at each reporting date whether there is objective evidence that an investment or a group of investments is impaired.

COMPANIES COMMISSION OF MALAYSIA
(Established under the Companies Commission of Malaysia Act 2001)

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2022

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.1. Financial Instruments - Financial Assets (Continued)

(iv) Impairment of Financial Assets (continued)

Available For Sale Financial Assets (continued)

In the case of equity investments classified as available-for-sale, objective evidence would include a significant or prolonged decline in the fair value of the investment below its cost. 'Significant' is evaluated against the original cost of the investment and 'prolonged' against the period in which the fair value was below its original cost. Where there is evidence of impairment, the cumulative loss – measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that investment previously recognised in the surplus or deficit – is removed from the reserve in net assets and recognised in surplus or deficit. Impairment losses recognised in surplus or deficit on equity investment classified as available-for-sale are not reversed through surplus or deficit in subsequent periods.

In the case of debt instruments classified as available-for-sale, impairment is assessed based on the same criteria as financial assets carried at amortised cost. However, the amount recorded for impairment is the cumulative loss measured as the difference between the amortised cost and the current fair value, less any impairment loss on that investment previously recognised in surplus or deficit. If in subsequent period, the fair value of a debt instrument classified as available-for-sale increase and the increase can be objectively relates to an event occurring after the impairment loss was recognised in surplus or deficit, the impairment loss is reversed through surplus and deficit.

(v) De-recognition

The Commission derecognises a financial asset or, where applicable, a part of a financial asset or part of a group of similar financial assets when:

- The rights to receive cash flows from the asset have expired or is waived.
- The Commission has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party; and either:
    - The Commission has transferred substantially all the risks and rewards of the asset; or
    - The Commission has neither transferred nor retained substantially all the risks and rewards of the asset but has transferred control of the asset.

3.2. Financial Instruments - Financial Liabilities

Financial liabilities are recognised in the statement of financial position when the Commission becomes a party to the contractual provisions of the instrument. At initial recognition, financial liabilities are measured at fair value, including transaction costs for financial liabilities not measured at fair value through surplus or deficit, directly attributable to the recognition of financial liabilities.

COMPANIES COMMISSION OF MALAYSIA

(Established under the Companies Commission of Malaysia Act 2001)

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2022

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.2. Financial Instruments - Financial Liabilities (Continued)

After initial recognition, financial liabilities are classified into one of the two categories of financial liabilities, i.e. financial liabilities are measured at fair value through surplus or deficit and financial liabilities at amortised cost. Financial liabilities are derecognised when the obligations specified in the contract have been discharged, cancelled or expired. Any difference between the carrying amount of the derecognised financial liability and the consideration paid is recognised in the statement of financial performance during the period of the derecognition.

3.3. Offsetting Financial Instruments

Financial assets and liabilities are offset, and the net amount presented in the statement of financial position when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously.

3.4. Cash And Cash Equivalent

Cash and cash equivalents comprise cash on hand, cash in transit, cash in bank, and short-term deposits with licensed financial institutions with original maturities of three (3) months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

3.5. Inventories

Inventories are recorded at the lower of cost and net realisable value. Inventories held for distribution for public benefit purposes are recorded at the lower of cost and current replacement cost. Where inventories are acquired at no cost, or for nominal consideration, the cost is deemed to be the fair value at the date of acquisition.

3.6. Property, Fittings and Equipment

Measurement

Property, fittings and equipment are initially stated at cost. The cost includes its purchase price, import duties, non- refundable purchase taxes and any cost that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by the Commission.

Where an asset is acquired in a non- exchange transaction for nil or nominal consideration, the asset is initially measured at its fair value.

Work in progress consists of works involving property and equipment that have not been completed until the end of the current financial year. Work in progress is stated at cost and is not depreciated until the asset is ready for use.

COMPANIES COMMISSION OF MALAYSIA

(Established under the Companies Commission of Malaysia Act 2001)

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2022

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.6. Property, Fittings and Equipment (Continued)

Measurement (continued)

Subsequently the property, fittings and equipment are stated at historical cost less accumulated depreciation and impairment losses.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Commission and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are recognised as expenses in profit or loss during the financial year.

Depreciation

Freehold land is not depreciated as it has an infinite life. Leasehold land is amortised in equal instalments over the period of the respective leases. Other property, fittings and equipment are depreciated on the straight-line method to allocate the cost to their residual values over their estimated useful lives summarised as follows:

CATEGORY OF PROPERTY, FITTINGS AND EQUIPMENT	ESTIMATED USEFUL LIFE
- Leasehold	Remaining lease period
- Buildings	50 years
- Building Equipment	5 years
- Office Equipment, Furniture and Fittings	5 years
- Computer Hardware and Software	3 - 5 years
- Motor vehicles	5 years
- Renovation	3 - 5 years

The assets' residual values and useful life are reviewed, and adjusted prospectively, if appropriate, at the end of each reporting period.

Impairment

At the end of the reporting period, the Commission assesses whether there is any indication of impairment. If such indications exist, an analysis is performed to assess whether the carrying amount of the asset is fully recoverable. A write down is made if the carrying amount exceeds the recoverable amount.

COMPANIES COMMISSION OF MALAYSIA

(Established under the Companies Commission of Malaysia Act 2001)

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2022

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.6. Property, Fittings and Equipment (Continued)

Derecognition

The Commission derecognises items of property, fittings and equipment and / or any significant part of an asset upon disposal or when no future economic benefits or service potential is expected from its continuing use. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the surplus or deficit when the asset is derecognised.

In the Commission's transition to accrual basis MPSASs, it utilized this transitional exemption for the Commission not separately identify intangible asset costs from Property, Plant, and Equipment. The Commission will identify and separate intangible asset costs to achieve more accurate cost separation.

3.7. Investment Properties

Investment properties include those portions of office buildings and land that are held for capital appreciation, to earn rentals or both.

Investment property is measured initially at its cost, including professional fees for legal services, property transfer taxes, and other transaction costs. The carrying amount includes the replacement cost of components of an existing investment property at the time that cost is incurred if the recognition criteria are met and excludes the costs of day-to-day maintenance of an investment property.

After initial recognition, investment properties are stated at fair value. Fair values of investment properties are based on valuations by registered independent and/or in-house valuers and with appropriate recognised professional qualifications and recent experience in the location and category of the properties being valued. Gains or losses arising from changes in the fair values of investment properties are recognised in surplus or deficit in the financial year in which they arise.

If the Commission determines that the fair value of an investment property under construction is not reliably determinable but expects the fair value of the property to be reliably determinable when construction is completed, the Commission shall measure that investment property under construction at cost until either its fair value becomes reliably determinable, or construction is completed (whichever is earlier). Once the Commission is able to measure reliably the fair value of an investment property under construction that has previously been measured at cost, the Commission shall measure that property at its fair value.

Subsequent expenditure is capitalised to the asset's carrying amount only when it is probable that future economic benefits associated with the expenditure will flow to the Commission and the cost of the item can be measured reliably. All other repairs and maintenance costs are expensed when incurred. When part of an investment property is replaced, the carrying amount of the replaced part is derecognised.

COMPANIES COMMISSION OF MALAYSIA

(Established under the Companies Commission of Malaysia Act 2001)

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2022

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.7. Investment Properties (Continued)

Investment property is derecognised either when it has been disposed of or when the investment property is permanently withdrawn from use and no future economic benefit is expected from its disposal.

Gains or losses on disposals are determined by comparing net disposal proceeds with the carrying amount and are included in surplus or deficit.

When the use of a property changes from investment property to owner- occupied, the property is reclassified as property and equipment. Its fair value at the date of reclassification becomes its cost for subsequent accounting purposes.

3.8. Impairment Of Non-Financial Assets

Intangible assets not ready to use, are not subject to amortisation and are tested annually for impairment. Assets that are subject to amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the carrying amount of the asset exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs of disposal and value in use.

In assessing value in use, the Commission will use either the depreciation replacement cost approach or fair value less costs to sell. Under the depreciation replacement cost approach, the present value of the remaining service potential of an asset is determined as the depreciated replacement cost of the asset. The depreciated replacement cost is measured as the reproduction or replacement cost of the asset, whichever is lower, less accumulated depreciation calculated on the basis of such cost, to reflect the already consumed or expired service potential of the asset.

In determining fair value less costs to sell, the price of the assets in a binding agreement in an arm's length transaction, adjusted for incremental costs that would be directly attributed to the disposal of the asset is used. If there is no binding agreement, but the asset is traded on an active market, fair value less cost to sell is the asset's market price less cost of disposal. If there is no binding sale agreement or active market for an asset, the Commission determines fair value less cost to sell based on the best available information.

For each asset, 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. If such indication exists, the Commission estimates the asset's recoverable service amount.

A previously recognised impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable service amount since the last impairment loss was recognised.

The reversal is limited so that the carrying amount of the asset does not exceed its recoverable service amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in surplus or deficit.

COMPANIES COMMISSION OF MALAYSIA

(Established under the Companies Commission of Malaysia Act 2001)

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2022

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.9. Taxation

Income tax on the surplus or deficit for the year comprises current and deferred tax.

Current tax is the expected amount of income taxes payable in respect of taxable surplus for the year and is measured using the tax rates applicable at the statement of financial position date.

Deferred tax is provided for, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements.

In principle, deferred tax liabilities are recognized for all taxable temporary differences and deferred tax assets are recognized for all deductible temporary differences, to the extent that it is probable that future taxable profits will be available against which the deductible temporary differences can be utilized. Deferred tax is computed at the tax rates applicable at the statement of financial position date.

In the Commission's transition to accrual basis MPSASs, it utilized this transitional exemption for a period of not providing deferred tax in the financial statements. This exemption allows the Commission to defer the recognition of deferred tax until the appropriate time according to the new financial standards. The Commission will comply with these standards and provide accurate recognition and disclosure of deferred tax once the transition to MPSAS is completed.

3.10. Provisions

Provisions are recognised when the Commission has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation and a reliable estimate of the amount can be made. Where the Commission expects a provision to be reimbursed by another party, the reimbursement is recognised as a separate asset but only when the reimbursement is virtually certain. Provisions are not recognised for future operating losses. The expense relating to any provision is presented in the statement of financial performance net of any reimbursement.

3.11. Employee Benefits

(i) Short-Term Employee Benefits

Wages, salaries, paid annual leave and sick leave, bonuses, and non-monetary benefits that are expected to be settled wholly within 12 months after the end of the period in which the employees render the related service are recognised in respect of employees' services up to the end of the reporting period and are measured at the amounts expected to be paid when the liabilities are settled.

COMPANIES COMMISSION OF MALAYSIA
(Established under the Companies Commission of Malaysia Act 2001)

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2022

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.11. Employee Benefits (Continued)

(ii) Defined Contribution Plan

The Commission made contributions to Employees Provident Fund (EPF) for employees who have opted for EPF scheme and the Retirement Fund (Incorporated) (KWAP) for employees who are in the Government pensionable scheme and the Commission has no legal or constructive obligations to pay further contributions if the fund does not hold sufficient assets to pay all employees benefits relating to employee service in the current and prior periods. The Commission's contributions to defined contribution plans are charged to surplus or deficit in the period they relate to. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in the future payments is available.

(iii) Long-Term Employee Benefits

Long-term employee benefits are as follows:

(a) Cash rewards in lieu of annual leave for Commission employees under the Government Pension Scheme (GPS); and
(b) Cash rewards in lieu of annual leave for Commission employees under the *Skim Saraan Suruhanjaya Syarikat Malaysia (SSSSM)*.
(c) End of service gratuity for the Commission employees upon completion of service.

<u>Cash Rewards In Lieu Of Annual Leave</u>

The liabilities for unutilised carried forward leave are not expected to be settled wholly within 12 months after the end of the period in which the employees render the related service. They are therefore measured as the present value of expected future payments to be made in respect of services provided by employees up to the end of the reporting period using the projected unit credit method.

Consideration is given to expected future wage and salary levels, experience of employee departures and periods of service. Expected future payments are discounted using market yields at the end of the reporting period of government bonds with terms and currencies that match, as closely as possible, the estimated future cash outflows. Re-measurements as a result of experience adjustments and changes in actuarial assumptions are recognised in surplus or deficit.

<u>End Of Service Gratuity</u>

The entitlement to these benefits is usually conditional on the employee remaining in service up to retirement age and the completion of a minimum service period. The expected costs of these benefits are accrued over the period of employment. Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are recognised in surplus or deficit in the period in which they arise.

COMPANIES COMMISSION OF MALAYSIA
(Established under the Companies Commission of Malaysia Act 2001)

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2022

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.11. Employee Benefits (Continued)

(iii) Long-Term Employee Benefits (continued)

End Of Service Gratuity (continued)

In the Commission's transition to accrual basis MPSASs, it utilized this transitional exemption for the method of measuring long-term employee benefits.

3.12. Leases

Finance Lease

When assets are leased out under a finance lease, the present value of the lease payments is recognised as a receivable. The difference between the gross receivable and the present value of the receivable is recognised as unearned finance income. Lease income is recognised over the term of the lease using the net investment method so as to reflect a constant periodic rate of return.

Operating Lease

When assets are leased out under an operating lease, the asset is included in the statement of financial position based on the nature of the asset. Lease income is recognised over the term of the lease on a straight-line basis.

3.13. Revenue

(i) Revenue from Non-Exchange Transactions

Service Income

Services income comprise the collection of fees related to registration of companies, businesses and limited liability partnership as prescribed under the Companies Act 2016, Interest Schemes Act 2016, Limited Liability Partnership 2012, Companies Act 1965 and the Registration of Businesses Act 1956 respectively. This revenue is recognized upon receipt of payment for the services provided.

Compound

The compound is recognized upon payment received as each compound issued is only an offer in lieu of prosecution with a specified payment period determined by the Registrar, and at the end of the given period, the compound notice will expire if it is not paid.

Compound which is not being settled after the expiry of the payment period will be followed by prosecution and / or other appropriate actions in accordance with the provision of the Companies Act 2016, Interest Schemes Act 2016, Limited Liability Partnership 2012, Companies Act 1965 and Registration of Businesses Act 1956.

COMPANIES COMMISSION OF MALAYSIA
(Established under the Companies Commission of Malaysia Act 2001)

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2022

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.13. Revenue (Continued)

(i) Revenue from Non-Exchange Transactions (continued)

Compound (continued)

However, fines imposed by the Court following prosecution actions are income of the Government and not the Commission's.

Government Grant

Revenues from non-exchange transactions with Federal Government are measured at fair value and recognized on obtaining control of the asset (cash) that is free from conditions and it is probable that the economic benefits or service potential related to the asset will flow to the Commission and can be measured reliably.

In the Commission's transition to accrual basis MPSASs, it utilized this transitional exemption for the accrual recognition of revenue from non-exchange transactions, including service revenue and compound receipts.

(ii) Revenue From Exchange Transactions

Corporate Training Programmes

Income arising from Corporate Training Programmes is recognized upon completion of the programmes.

Supply of Corporate Information

Income arising from supply of corporate information as prescribed under the Companies Act 2016, Interest Schemes Act 2016, Limited Liability Partnership 2012, and the Registration of Businesses Act 1956 respectively.

Interest Income

Interest income is accrued using the effective yield method. The effective yield discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount. The method applies this yield to the principal outstanding to determine interest income each period.

Dividend

Dividend or similar distributions are recognised when the Commission's right to receive payments is established.

Rental Income

Rental income arising from operating leases on properties is accounted for on a straight-line basis over the lease terms and included in revenue.

COMPANIES COMMISSION OF MALAYSIA

(Established under the Companies Commission of Malaysia Act 2001)

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2022

4. SIGNIFICANT ESTIMATES AND JUDGEMENTS

The preparation of the financial statements requires judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised, if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

(i) Long Term Staff Benefit Obligations

The Commission has long term staff benefit obligations for their employees with the present value of defined benefit obligation is based on a number of assumptions and factors as disclosed in Note 17. Any changes in these assumptions will have an impact on carrying amount of the long-term employee benefit obligations.

(ii) Depreciation

Property, fittings and equipment cost is depreciated on a straight-line basis. Estimates will be used in the selection of depreciation methods, useful life and residual values. The actual use of the economic benefits of a property and equipment may differ from the estimates used and this may affect the profit or loss when the assets are sold or disposed.

5. CASH AND CASH EQUIVALENTS

	31-DEC-22 RM	31-DEC-21 RM	1-JAN-21 RM
Cash in hand and floats	108,300	122,100	404,600
Bank balances	90,738,620	64,236,088	50,760,471
Short term deposits with licensed banks and financial institutions (a)	60,000,000	70,000,000	70,000,000
	150,846,920	**134,358,188**	**121,165,071**

Cash at bank earns interest at floating rates based on daily bank deposit rates.

(a) The tenure for short term deposit under this cash and cash equivalents has a short maturity within three (3) months from the date of acquisition.

COMPANIES COMMISSION OF MALAYSIA

(Established under the Companies Commission of Malaysia Act 2001)

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2022

6. DEPOSITS WITH LICENSED FINANCIAL INSTITUTIONS

	31-DEC-22 RM	RESTATED 31-DEC-21 RM	RESTATED 1-JAN-21 RM
Commodity Murabaha	**570,000,000**	**530,000,000**	**565,000,000**

The Commission has purchased Murabaha Commodity Deposits through several licensed financial institutions.

7. FINANCIAL INVESTMENTS DESIGNATED AT HELD-TO-MATURITY

	31-DEC-22 RM	31-DEC-21 RM	1-JAN-21 RM
Non-Current			
Sukuk	215,362,000	153,843,601	113,482,935
Debt Securities	19,633,933	19,740,183	19,784,333
Institutional Trust	208,817,450	190,465,981	112,465,405
Direct Mandate	50,250,218	-	-
	494,063,601	**364,049,765**	**245,732,673**
Current			
Sukuk	5,101,500	41,565,899	16,926,565
Institutional Trust Account	-	20,445,315	40,157,568
	5,101,500	**62,011,214**	**57,084,133**
TOTAL	**499,165,101**	**426,060,979**	**302,816,806**

The tenure of placement for these investments is up to ten (10) years. The Commission also deposit funds into the Institutional Trust Account maintained by Amanah Raya Berhad, for a short-term period. the Commission has also appointed Amanahraya Investment Management (ARIM) as the Fund House for the Direct Mandate investment.

COMPANIES COMMISSION OF MALAYSIA
(Established under the Companies Commission of Malaysia Act 2001)

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2022

8. RECEIVABLES FROM NON-EXCHANGE TRANSACTIONS

	31-DEC-22 RM	RESTATED 31-DEC-21 RM	RESTATED 1-JAN-21 RM
Service and compound	**4,214,223**	**5,747,579**	**3,970,819**

The receivable amount from non-exchange transactions represents services and compounds provided by the Commission and already paid by the customers, but the payment has not yet disbursed by the appointed payment gateway provider.

9. RECEIVABLES FROM EXCHANGE TRANSACTIONS

	31-DEC-22 RM	RESTATED 31-DEC-21 RM	RESTATED 1-JAN-21 RM
Supply of Corporate Information	9,717,431	5,235,286	2,530,202
Corporate Training Programmes	132,290	12,254	39,761
	9,849,721	**5,247,540**	**2,569,963**

Receivables consist of fee from supply of corporate information and corporate training programmes. Credit period granted to debtors is 30 days from the date of invoice issued or as stated in the related agreements.

COMPANIES COMMISSION OF MALAYSIA

(Established under the Companies Commission of Malaysia Act 2001)

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2022

9. RECEIVABLES FROM EXCHANGE TRANSACTIONS (CONTINUED)

	31-DEC-22 RM	RESTATED 31-DEC-21 RM	RESTATED 1-JAN-21 RM
Deposits and prepayments	9,971,279	1,725,567	2,278,849
Advances to employees	114,444	205,269	23,960
Other receivables	1,943,891	1,863,172	2,680,064
Goods and Services Tax (GST) Claimable and Tax Asset (a)	13,835,430	12,786,462	11,770,890
Fair value of staff financing	7,263,103	7,956,550	8,570,178
Investment receivable	11,037,219	8,375,471	8,497,802
	44,165,366	**32,912,491**	**33,821,743**
TOTAL	**54,015,087**	**38,160,031**	**36,391,706**

(a) Goods and Services Tax claimable is the amount of input tax which exceeds the total output tax, while tax asset amounting to RM11.4 million (2021: RM10.6 million) is the amount paid to the Inland Revenue Board (IRB) through CP204 for estimated tax payable by the Commission for the year of assessment.

COMPANIES COMMISSION OF MALAYSIA

(Established under the Companies Commission of Malaysia Act 2001)

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2022

10. STAFF FINANCING

	31-DEC-22 RM	RESTATED 31-DEC-21 RM	RESTATED 1-JAN-21 RM
Current:			
Home Financing	3,286,596	3,460,510	3,840,841
Motor Vehicle Financing	1,645,190	1,570,364	1,570,980
Computer Financing	68,738	45,150	62,966
	5,000,524	**5,076,024**	**5,474,787**
Non-Current:			
Home Financing	31,193,478	33,973,797	37,768,916
Motor Vehicle Financing	5,252,500	5,317,092	5,545,772
Computer Financing	85,096	84,343	29,891
	36,531,074	**39,375,232**	**43,344,579**
Total Staff Financing	**41,531,598**	**44,451,256**	**48,819,366**

Islamic financing provided to employees of the Commission includes financing for housing, motor vehicles, and computers with respective maximum repayment period of up to 30 years, nine (9) years, and four (4) years. The profit rate for housing financing is 2.0% per annum (2021: 2.0% per annum), while the profit rate for motor vehicle and computer financing is 4.0% per annum (2021: 4.0% per annum).

The staff financing balances are recognised at fair value computed based on future cash flows discounted using the effective interest rate of 4.50% to 8.37% (2021: 4.50% to 8.37%). The difference between the fair value and the carrying amount is treated as an expense in surplus or deficit.

11. INVENTORIES

	31-DEC-22 RM	31-DEC-21 RM	1-JAN-21 RM
Cost	277,820	277,820	277,820
Impairment	(277,820)	(277,820)	-
TOTAL	**-**	**-**	**277,820**

The Ministry of Finance via a letter dated 24 March 2010 had granted approval under section 82 of the Stamp Act 1949 to the Commission to sell revenue stamps to be affixed on the Memorandum and Article of Association of incorporated companies.

Inventories are measured at the lower of cost and net realizable value.

COMPANIES COMMISSION OF MALAYSIA
(Established under the Companies Commission of Malaysia Act 2001)

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2022

12. PROPERTY, FITTINGS AND EQUIPMENT

	LEASEHOLD LAND [a] RM	BUILDING [b] RM	BUILDING EQUIPMENT RM	OFFICE EQUIPMENT, FURNITURE AND FITTINGS RM	COMPUTER HARDWARES AND SOFTWARES [c] RM	MOTOR VEHICLES RM	RENOVATION RM	WORK IN PROGRESS [d] RM	TOTAL RM
Cost									
As at 01 January 2022	8,000,000	174,774,776	16,650,580	22,484,307	86,652,279	2,596,814	36,163,913	8,589,930	**355,912,599**
Additions	-	-	-	617,842	-	-	367,478	314,942	**1,300,262**
Disposals	-	-	-	(469,391)	(1,222,477)	(1,237,191)	(457,845)	-	**(3,386,904)**
Transfer from investment properties	-	1,375,000	-	-	-	-	-	-	**1,375,000**
As at 31 December 2022	8,000,000	176,149,776	16,650,580	22,632,758	85,429,802	1,359,623	36,073,546	8,904,872	**355,200,957**
Accumulated Depreciation									
As at 01 January 2022	100,660	33,815,727	16,650,569	17,223,545	86,029,086	2,463,074	31,445,768	-	**187,728,429**
Depreciation	450,984	3,511,537	-	1,780,763	308,188	101,099	1,225,441	-	**7,378,012**
Disposals	-	-	-	(451,415)	(1,222,358)	(1,237,171)	(457,806)	-	**(3,368,750)**
As at 31 December 2022	551,644	37,327,264	16,650,569	18,552,893	85,114,916	1,327,002	32,213,403	-	**191,737,691**

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

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2022

12. PROPERTY, FITTINGS AND EQUIPMENT (CONTINUED)

	LEASEHOLD LAND [a] RM	BUILDING [b] RM	BUILDING EQUIPMENT RM	OFFICE EQUIPMENT, FURNITURE AND FITTINGS RM	COMPUTER HARDWARES AND SOFTWARES [c] RM	MOTOR VEHICLES RM	RENOVATION RM	WORK IN PROGRESS [d] RM	TOTAL RM
Accumulated Impairment									
As at 01 January 2022	-	-	-	-	-	-	-	8,589,930	**8,589,930**
Impairment for the year	-	-	-	-	-	-	-	-	**-**
As at 31 December 2022	-	-	-	-	-	-	-	8,589,930	**8,589,930**
Net Carrying Amount									
As at 31 December 2022	**7,448,356**	**138,822,512**	**11**	**4,079,865**	**314,886**	**32,621**	**3,860,143**	**314,942**	**154,873,336**

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

COMPANIES COMMISSION OF MALAYSIA

(Established under the Companies Commission of Malaysia Act 2001)

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2022

12. PROPERTY, FITTINGS AND EQUIPMENT (CONTINUED)

RESTATED	LEASEHOLD LAND [a] RM	BUILDING [b] RM	BUILDING EQUIPMENT RM	OFFICE EQUIPMENT, FURNITURE AND FITTINGS RM	COMPUTER HARDWARES AND SOFTWARES [c] RM	MOTOR VEHICLES RM	RENOVATION RM	WORK IN PROGRESS [d] RM	TOTAL RM
Cost									
As at 01 January 2021	1,500,000	148,618,916	16,650,580	18,561,528	86,662,124	2,582,966	33,474,876	80,022,230	388,073,220
Additions	-	-	-	826,478	-	13,848	-	5,242,479	6,082,805
Disposals	-	-	-	(312,101)	(9,845)	-	(1,487,590)	-	(1,809,536)
Transfer from work in progress	6,500,000	26,155,860	-	3,408,402	-	-	4,176,627	(40,240,889)	-
Transfer to income statement								(248,350)	(248,350)
Transfer to investment properties	-	-	-		-	-	-	(36,185,540)	(36,185,540)
As at 31 December 2021	8,000,000	174,774,776	16,650,580	22,484,307	86,652,279	2,596,814	36,163,913	8,589,930	355,912,599
Accumulated Depreciation									
As at 01 January 2021	42,708	30,407,418	16,650,569	15,752,366	82,300,014	2,299,646	32,248,614	-	179,701,335
Depreciation	57,952	3,408,309	-	1,782,988	3,738,915	163,428	684,741	-	9,836,333
Disposals	-	-	-	(311,809)	(9,843)	-	(1,487,587)	-	(1,809,239)
As at 31 December 2021	100,660	33,815,727	16,650,569	17,223,545	86,029,086	2,463,074	31,445,768	-	187,728,429
Accumulated Impairment									
As at 01 January 2021	-	-	-	-	-	-	-	8,589,930	8,589,930
As at 31 December 2021	-	-	-	-	-	-	-	8,589,930	8,589,930
Net Carrying Amount									
As at 31 December 2021	7,899,340	140,959,049	11	5,260,762	623,193	133,740	4,718,145	-	159,594,240

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

COMPANIES COMMISSION OF MALAYSIA
(Established under the Companies Commission of Malaysia Act 2001)

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2022

12. PROPERTY, FITTINGS AND EQUIPMENT (CONTINUED)

RESTATED	LEASEHOLD LAND [a] RM	BUILDING [b] RM	BUILDING EQUIPMENT RM	OFFICE EQUIPMENT, FURNITURE AND FITTINGS RM	COMPUTER HARDWARES AND SOFTWARES [c] RM	MOTOR VEHICLES RM	RENOVATION RM	WORK IN PROGRESS [d] RM	TOTAL RM
Cost									
As at 01 January 2020	1,500,000.00	148,618,916	16,650,580	18,281,810	86,669,189	2,582,966	33,765,190	74,053,589	382,122,240
Additions	-	-	-	691,518	-	-	254,192	5,968,641	6,914,351
Disposals	-	-	-	(411,800)	(7,065)	-	(544,506)	-	(963,371)
As at 31 December 2020	1,500,000	148,618,916	16,650,580	18,561,528	86,662,124	2,582,966	33,474,876	80,022,230	388,073,220
Accumulated Depreciation									
As at 01 January 2020	-	27,465,248	16,650,569	14,920,551	76,681,356	2,082,967	32,357,732	-	170,158,423
Depreciation	42,708	2,942,170	-	1,243,518	5,625,720	216,679	435,374	-	10,506,169
Disposals	-	-	-	(411,703)	(7,062)	-	(544,492)	-	(963,257)
As at 31 December 2020	42,708	30,407,418	16,650,569	15,752,366	82,300,014	2,299,646	32,248,614	-	179,701,335
Accumulated Impairment									
Impairment	-	-	-	-	-	-	-	8,589,930	8,589,930
As at 31 December 2020	-	-	-	-	-	-	-	8,589,930	8,589,930
Net Carrying Amount									
As at 31 December 2020	**1,457,292**	**118,211,498**	**11**	**2,809,162**	**4,362,110**	**283,320**	**1,226,262**	**71,432,300**	**199,781,955**

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

COMPANIES COMMISSION OF MALAYSIA

(Established under the Companies Commission of Malaysia Act 2001)

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2022

12. PROPERTY, FITTINGS AND EQUIPMENT (CONTINUED)

[a] The Commission possesses leasehold land as follows:

(i) SSM Perak building is situated on leasehold land for a period of 99 years, starting from 2013 until 2112, with 90 years remaining on the lease.

(ii) Menara SSM Sarawak is situated on leasehold land for a period of 60 years, starting from 2017 until 2077, with 54 years remaining on the lease.

In the financial statements, the Commission has disclosed that the leasehold land costs have been restated, separating from the costs of building under property, fittings and equipment and investment property respectively, in accordance with MPSAS standards, as follows:

	31-DEC-22 RM	RESTATED 31-DEC-21 RM	RESTATED 1-JAN-21 RM
As at 01 January	8,000,000	1,500,000	-
Transfer land cost from investment properties and properties, fittings and equipment	-	6,500,000	1,500,000
As at 31 December	**8,000,000**	**8,000,000**	**1,500,000**

[b] For the Commission building:

(i) The Commission has entered into The Sale Purchase Agreement dated 21 November 2016 to purchase a land and build an eight (8) storey building together with two (2) storey parking lot with its accessory parcels, and the Commission received the Certificate of Completion and Compliance on 01 March 2021. The property and the renovation works have been recognized as property, fittings and equipment according to their respective categories.

(ii) In 2022, a portion of the office space in Menara SSM was converted from investment property to property, fittings and equipment, resulting in a change in its usage classification. The recognition of the amount related to this conversion was based on the deemed fair value at cost.

[c] In the financial statements, the Commission has recognized that Computer Software is actually classified as an intangible asset according to MPSAS 31. However, due to the existing accounting policy and during the transition to accrual based MPSAS, the Commission has utilized a transitional exemption to not separate the cost of intangible assets from property, fittings and equipment. It is important to note that the Commission acknowledges the need for a thorough review to separate the software costs from the hardware costs acquired together.

[d] The Commission has recognized the value of work in progress related to ongoing projects. The value disclosed represents the costs incurred and the progress made on these projects as of the reporting date.

COMPANIES COMMISSION OF MALAYSIA

(Established under the Companies Commission of Malaysia Act 2001)

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2022

12. PROPERTY, FITTINGS AND EQUIPMENT (CONTINUED)

The work-in-progress includes the Commission's building and information and communication technology projects awarded in the current year as follows:

	31-DEC-22 RM	RESTATED 31-DEC-21 RM	RESTATED 1-JAN-21 RM
Building and renovation	-	-	71,432,300
Information and Communication Technology	8,904,872	8,589,930	8,589,930
Less:			
Accumulated impairment	(8,589,930)	(8,589,930)	(8,589,930)
	314,942	**-**	**71,432,300**

(a) Construction of Commission's Office Building

In the financial statements, it is disclosed that there were no costs incurred in construction, acquisition, or renovation of buildings during the reporting period.

(b) Development and Installation of Information and Communication Technology Infrastructure and Equipment.

The Commission has awarded the tender for Supply, Implementation, Training, Support and Warranty and Maintenance of Enterprise Resource Planning (ERP) to Liberty Resources Technology Sdn Bhd (LRTSB) in March 2017, the project was then terminated on 23 December 2019 and has undergone a litigation process. In the financial statements for the year 2020, the Commission has disclosed that there is a loss on impairment amounting to RM8,589,930 recognized as fair value through surplus or deficit. This impairment loss is attributed to litigation factors that impacted the Commission during that year.

In the current financial year, the Commission has also awarded new contracts as disclosed in Note 26 - Capital Commitments.

COMPANIES COMMISSION OF MALAYSIA

(Established under the Companies Commission of Malaysia Act 2001)

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2022

13. INVESTMENT PROPERTIES

Part of the buildings owned by the Commission are held for capital appreciation, to earn rentals or both have been recognized as investment properties. The fair value of investment properties is determined by reference to comparable market prices of similar properties of recent transactions in the market.

	31-DEC-22 RM	RESTATED 31-DEC-21 RM	RESTATED 1-JAN-21 RM
As at 01 January	45,705,540	9,520,000	10,500,000
Transfer from work in progress to investment properties	-	39,958,410	-
Transfer land cost to property, fittings and equipment [a]	-	(3,772,870)	(875,000)
Transfer to property, fittings and equipment [b]	(1,375,000)	-	-
	44,330,540	**45,705,540**	**9,625,000**
Changes in fair value [c]	-	2,013,320	(105,000)
Effects of MPSAS adoption	-	(2,013,320)	-
As at 31 December	**44,330,540**	**45,705,540**	**9,520,000**

[a] The transfer of investment property costs to Property, Plant, and Equipment involves the separation of the measured cost of leasehold land that was previously combined with the building cost of the investment property. In this process, the cost of leasehold land is separated and measured independently from the building cost of the investment property to reflect a more accurate valuation of these assets.

[b] In 2022, a portion of the office space in Menara SSM was converted from investment property to property, fittings and equipment, resulting in a change in its usage classification. The recognition of the amount related to this conversion was based on the deemed fair value at cost.

[c] The financial figures for 2021 have been restated in relation to the fair value of Investment Property due to the Commission segregating the land lease costs from the investment property building, this action is in compliance with the adoption of MPSAS. As at the end of 2022, the fair value of the SSM Perak building has increased by an insignificant amount during the reporting period, as determined by valuations conducted by the Valuation and Property Services Department. However, the fair value of Menara SSM Sarawak remains unchanged based on the valuations.

COMPANIES COMMISSION OF MALAYSIA
(Established under the Companies Commission of Malaysia Act 2001)

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2022

14. PAYABLES FROM EXCHANGE TRANSACTIONS

	31-DEC-22 RM	RESTATED 31-DEC-21 RM	RESTATED 1-JAN-21 RM
Payables and accruals	21,193,081	21,734,865	19,156,617
Staff and statutory payables	39,064,762	22,691,444	24,921,218
Trustee ledger	9,048,582	7,436,663	6,747,652
Other creditors	6,261,811	6,304,432	6,184,609
	75,568,236	**58,167,404**	**57,010,096**

Bank guarantee amounting to RM1,776,508 for the ERP project litigation case received by the Commission in April 2021 (Note 24 (I)) is recorded under other creditors.

15. FEDERAL CONSOLIDATED FUND (FCF)

	31-DEC-22 RM	RESTATED 31-DEC-21 RM
As at 01 January	49,112,562	46,821,768
Provision for FCF	54,838,051	49,716,558
Effects of MPSAS adoption	-	(603,996)
Payments made during the year	(49,716,558)	(46,821,768)
As at 31 December	**54,234,055**	**49,112,562**

Section 35 (1) of the Companies Commission of Malaysia Act 2001 (Act 614) provides that the Commission pays 30% of its current annual surplus to the Federal Consolidated Fund.

COMPANIES COMMISSION OF MALAYSIA

(Established under the Companies Commission of Malaysia Act 2001)

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2022

16. TAXATION AND ZAKAT

	31-DEC-22 RM	RESTATED 31-DEC-21 RM
As at 01 January	23,000,000	23,760,905
Provision for the year:		
Taxation	8,700,000	8,100,000
Under / (Over) provision of prior year taxes	(223,534)	(776,652)
Zakat	15,200,000	14,900,000
	23,676,466	**22,223,348**
Payment during the year and adjustment for CP204:		
Taxation	(7,876,466)	(8,184,253)
Zakat	(14,900,000)	(14,900,000)
	(22,776,466)	(22,984,253)
As at 31 December	**23,900,000**	**23,000,000**

The Ministry of Finance had granted exemption from payment of income tax on all statutory income of the Commission for a period of ten (10) years from year of assessment 2002 until year of assessment 2011 and had agreed to grant an extension of the tax exemption for a period of five (5) years from year of assessment 2012 until year of assessment 2016. Beginning of the year of assessment 2017, the provision for corporate tax was made pursuant to 'The Gazette of Income Tax (Exemption) (No.22) Order 2006 [P.U. (A) No. 207/2006]'.

In computing the provision for zakat, the Commission adopted the method of Working Capital (Syar'iyyah) which takes into account the position of current assets less current liabilities and made adjustments to several matters relating to zakat.

	31-DEC-22 RM	RESTATED 31-DEC-21 RM
Surplus Before Taxation and Zakat	**128,007,702**	**114,595,980**
Tax at applicable tax rate:		
Non-taxable income	(461,983,840)	(388,285,007)
Non-deductible expenses	374,261,108	308,810,517
Zakat	(4,034,967)	(1,371,488)

COMPANIES COMMISSION OF MALAYSIA

(Established under the Companies Commission of Malaysia Act 2001)

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2022

16. TAXATION AND ZAKAT (CONTINUED)

The reconciliation between the income tax expense and accounting profit, calculated at the applicable tax rate of 24% (2021: 24%), is presented as follows:

	31-DEC-22 RM	RESTATED 31-DEC-21 RM
Surplus Before Taxation and Zakat	**30,721,848**	**27,503,035**
Tax at applicable tax rate:		
Non-taxable income	(110,876,122)	(93,188,402)
Non-deductible expenses	89,822,666	74,114,524
Zakat	(968,392)	(329,157)
Tax at applicable tax rate	**8,700,000**	**8,100,000**

COMPANIES COMMISSION OF MALAYSIA

(Established under the Companies Commission of Malaysia Act 2001)

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2022

17. PROVISION FOR EMPLOYEE BENEFITS

	31-DEC-22 RM	RESTATED 31-DEC-21 RM
As at 01 January	36,142,691	34,868,251
New obligations/ Changes in present value:		
End Of Service Gratuity	8,616,061	3,586,265
Cash rewards in lieu of annual leave	1,071,860	910,642
	9,687,921	**4,496,907**
Payments made to employees in current year:		
End Of Service Gratuity	(2,321,486)	(3,001,241)
Cash rewards in lieu of annual leave	(221,004)	(221,226)
	(2,542,490)	**(3,222.467)**
As at 31 December	**43,288,122**	**36,142,691**
Non-Current Liabilities		
End Of Service Gratuity	38,713,530	32,068,418
Cash rewards in lieu of annual leave	3,019,874	2,091,809
	41,733,404	**34,160,227**
Current Liabilities		
End Of Service Gratuity	1,491,354	1,841,891
Cash rewards in lieu of annual leave	63,364	140,573
	1,554,718	**1,982,464**
	10 retirees	15 retirees

COMPANIES COMMISSION OF MALAYSIA

(Established under the Companies Commission of Malaysia Act 2001)

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2022

17. PROVISION FOR EMPLOYEE BENEFITS (CONTINUED)

The Commission has agreed and approved the Commission cash rewards in lieu of annual leave and the Commission End of Service Gratuity to staff upon completion of service with effect from 01 January 2016.

The Commission adopted a simplified method for measuring its obligations and cost under long-term employee benefits to recognize the contribution as a liability. The simplifications in measuring its obligation with respect to the current employees are as follows:

(i) Ignore estimated future salary increment, salary revision, i.e. assume future expected salaries increase continue until current employees are expected to begin receiving post-employment benefits;

(ii) Ignore future service of current employees, i.e. assume closure of the plan for existing as well as any new employees; and

(iii) Ignore possible in-service mortality of current employees between the reporting date and the date employees are expected to begin receiving post-employment benefits, i.e. assume all current employees will receive the post-employment benefits.

The actuarial basis of accounting assumptions applied in the measurement are as follows:

	31-DEC-22 RM	31-DEC-21 RM
Discount rates	3.45%-4.66%	3.45%-4.66%

Effective on 01 January 2022, the Commission has approved the Optional Retirement Option for Employees of the Compensation Scheme of the Companies Commission of Malaysia (SSSSM) starting at the age of fifty-five (55) based on the conditions and qualifications.

18. STAFF FINANCING FUND

	31-DEC-22 RM	31-DEC-21 RM	01-JAN-21 RM
Financing Fund	**91,000,000**	**91,000,000**	**91,000,000**

Financing fund of RM 80.0 million, RM10.0 million and RM1.0 million for home, motor vehicle and computer financing funds respectively for employees of the Commission.

COMPANIES COMMISSION OF MALAYSIA

(Established under the Companies Commission of Malaysia Act 2001)

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2022

19. REVENUE FROM NON-EXCHANGE TRANSACTIONS

	31-DEC-22 RM	RESTATED 31-DEC-21 RM
Service income	309,155,501	288,434,276
Penalty and compound	59,770,609	22,535,753
	368,926,110	**310,970,029**

20. REVENUE FROM EXCHANGE TRANSACTIONS

	31-DEC-22 RM	RESTATED 31-DEC-21 RM
Supply Corporate Information	88,139,325	72,673,658
Corporate Training Programmes	4,918,405	4,641,320
	93,057,730	**77,314,978**
Investment income	33,987,553	29,087,921
Financing income	1,874,753	1,902,468
Rental income	3,154,547	2,441,847
Gains from disposal	400,664	120
Other income	1,331,563	2,075,208
	40,749,080	**35,507,564**
	133,806,810	**112,822,542**

COMPANIES COMMISSION OF MALAYSIA

(Established under the Companies Commission of Malaysia Act 2001)

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2022

21. STAFF COSTS

	31-DEC-22 RM	RESTATED 31-DEC-21 RM
Salaries, bonus and allowances	144,992,406	120,738,865
Defined contributions and SOCSO	24,900,358	19,922,563
Long-term staff benefit	9,687,921	4,496,907
Medical benefits	13,459,820	12,184,136
Subsidies to staff	1,126,448	1,052,054
	194,166,953	**158,394,525**

The number of employees of the Commission as at 31 December 2022 was 1,344 inclusive of 84 temporary staff (2021: 1,321 inclusive of 85 temporary staff).

22. ADMINISTRATION COSTS

	31-DEC-22 RM	RESTATED 31-DEC-21 RM
Travelling and accommodation	3,568,431	1,244,805
Communication and utilities	7,399,950	7,564,467
Rental and leases	24,567,975	26,163,010
Printing, stationery and advertising	3,511,127	2,277,975
Maintenance of property, fittings and equipment	53,713,448	38,094,419
Professional fees	4,544,296	2,461,352
Entertainment and hospitalities	13,570,237	8,577,488
Other administrative costs	7,414,488	5,072,685
	118,289,952	**91,456,201**

The Commission has approved Skim Pendaftaran Perniagaan Percuma (SPPP) to assist B40 Group entrepreneurs and encourage interested Higher Education Institution students to register their businesses with the Commission under the Registration of Businesses Act 1956 (ROBA 1956) will be exempted from any fees. This scheme is implemented until the allocation of this SPPP grant is used up.

COMPANIES COMMISSION OF MALAYSIA

(Established under the Companies Commission of Malaysia Act 2001)

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2022

22. ADMINISTRATION COSTS (CONTINUED)

The amount is recorded in the entertainment and hospitalities:

	31-DEC-22 RM	RESTATED 31-DEC-21 RM
Balance as at 1 January	9,245,100	10,973,420
Business registration under the SPPP	(1,579,320)	(1,728,320)
As at 31 December	**7,665,780**	**9,245,100**

23. OTHER EXPENSES

	31-DEC-22 RM	RESTATED 31-DEC-21 RM
Depreciation	7,378,012	9,836,333
Impairment	-	277,820
Bad debt written-off	-	75,000
	7,378,012	**10,189,153**

24. SIGNIFICANT LITIGATION

The Commission encounters the following two (2) significant litigation cases:

I. <u>Formis Network Services Sdn Bhd (Plaintiff) vs. the Companies Commission of Malaysia (Defendant)</u>

The plaintiff in the Writ of Summons and Statement of Claim dated 11 February 2021, has claimed damages against the defendant amounting to RM128,178,068 which includes the cost of loss, damage and loss of revenue. The Commission as the defendant has submitted a Defence and Counterclaim against the plaintiff amounting to RM49,298,651 dated 02 April 2021.

The plaintiff filed an Application for Injunction, where an interlocutory hearing for the said application was held on 19 May 2022 but was dismissed by the Court on 05 December 2022 with costs payable to SSM. The plaintiff has filed another interlocutory application, namely a Discovery Application, for the purpose of obtaining documents held by the Commission through a Court Order.

COMPANIES COMMISSION OF MALAYSIA

(Established under the Companies Commission of Malaysia Act 2001)

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2022

24. SIGNIFICANT LITIGATION (CONTINUED)

I. Formis Network Services Sdn Bhd (Plaintiff) vs. the Companies Commission of Malaysia (Defendant) (continued)

The Commission has filed an affidavit in response to the discovery application by the plaintiff on 24 May 2023. At the same time, the Commission has also filed a Discovery Application against the plaintiff in order to obtain documents held by the plaintiff that could support the Commission's counterclaim against the plaintiff.

The Court has set a hearing date for both the plaintiff's Discovery Application and the Commission's Discovery Application on 28 June 2023. The hearing for the substantive action in the High Court has been set for 18 - 19 September and 02 - 07 November 2023.

The Commission assesses and anticipates that the losses arising from the significant litigations would involve expenses related to legal representation and counsel fees, the appointment of expert witnesses, as well as litigation costs and proceedings expenses.

II. Liberty Technology Resources Sdn Bhd (Plaintif) vs. the Companies Commission of Malaysia (Defendant)

The plaintiff in the Writ of Summons and Statement of Claim dated 26 November 2020, has claimed damages against the defendant amounting to RM19,872,979, while the Commission as the defendant has submitted a Defence and Counterclaim against the plaintiff amounting to RM12,240,109 dated 13 January 2021.

On 15 Jun 2023, the High Court has reached a decision in favour of the Commission. The outcome signifies that the Commission does not anticipate any significant financial impact or liability arising from this case. The Commission will continue to monitor any potential appeals or further legal proceedings related to this matter and will disclose any material developments in subsequent reporting periods as required.

25. RELATED PARTY TRANSACTIONS

The Commission shall consist of the following members who shall be appointed by the Minister:

(a) A Chairman,
(b) The Chief Executive Officer,
(c) Not more than three (3) persons from the public service; and
(d) Not more than four (4) persons who shall be qualified persons as defined in the Legal Profession Act 1976 [Act 166] or persons who possess the relevant knowledge or experience in commercial or company matters.

Key management personnel compensation:

	31-DEC-22 RM	31-DEC-21 RM
The Commission's Members	1,538,961	1,686,943
Key management personnel	1,035,596	963,219
	2,574,557	**2,650,162**

COMPANIES COMMISSION OF MALAYSIA
(Established under the Companies Commission of Malaysia Act 2001)

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2022

26. CAPITAL COMMITMENT

	31-DEC-22 RM	31-DEC-21 RM	1-JAN-21 RM
Approved And Contracted For:			
(i) Information and communication technology	13,637,372	-	11,250,000
(ii) Building and renovation	-	-	6,113,100
Approved But Not Contracted For:			
(i) Information and communication technology	33,210,669	-	-
	46,848,041	**-**	**17,363,100**

27. FINANCIAL RISK MANAGEMENT

Financial Risk Management is the process of identifying, assessing, and controlling risks associated with the financial activities. The primary objective of financial risk management is to protect the financial value of the company, reduce uncertainty, and ensure stable operations. Financial risk management involves identifying various types of financial risks that the company may face, such as:

- market risk (price, interest rate, and exchange rate fluctuations),
- credit risk (counterparty's inability to meet payment obligations),
- liquidity risk (insufficient funds to meet financial obligations), and
- operational risk (internal process failures and technological failures).

(a) Market Risk

Market risk is the potential for losses due to changes in the value of investment portfolios or other financial instruments caused by market factors such as interest rate fluctuations, currency exchange rate movements, and changes in stock prices. The Commission manages its own investments, and it mitigates market risk by diversifying its investment exposure across high-quality and liquid financial instruments. This approach aims to protect the Commission's capital and optimize investment returns.

(i) Interest Rate Risk

The Commission recognizes the importance of identifying and analysing the carrying amounts of financial assets and liabilities based on their nature and characteristics to effectively manage interest rate risk.

COMPANIES COMMISSION OF MALAYSIA
(Established under the Companies Commission of Malaysia Act 2001)

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2022

27. FINANCIAL RISK MANAGEMENT (CONTINUED)

(a) Market Risk (continued)

(i) Interest Rate Risk (continued)

TYPE OF FINANCIAL ASSET/ FINANCIAL LIABILITY	INTEREST REPRICING OR MATURITY DATE
• Cash and Cash Equivalents	– Up to 1 month or Non-Interest Sensitive
• Loans and Receivables	– Maturity Date or Interest Repricing Date, whichever is earlier
• Financial Investments	– Maturity Date or Interest Repricing Date, whichever is earlier
• Financial Liabilities	– Maturity Date or Interest Repricing Date, whichever is earlier

COMPANIES COMMISSION OF MALAYSIA
(Established under the Companies Commission of Malaysia Act 2001)

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2022

27. FINANCIAL RISK MANAGEMENT (CONTINUED)

(a) Market Risk (continued)

(i) Interest Rate Risk (continued)

The following table indicates the Commission's financial assets and financial liabilities and carrying amount, analysed by the interest repricing or maturity date whichever is the earlier:

	0 - 1 MONTH RM	> 1 - 3 MONTHS RM	> 3 - 12 MONTHS RM	1 - 5 YEARS RM	> 5 YEARS RM	NON-INTEREST SENSITIVE RM	TOTAL RM
Current Assets							
Cash And Cash Equivalents	100,738,620	50,000,000	-	-	-	108,300	**150,846,920**
Deposits With Licensed Financial Institutions	-	85,000,000	485,000,000	-	-	-	**570,000,000**
Financial Investments Designated At Held-To-Maturity	-	5,101,500	-	-	-	-	**5,101,500**
Receivables From Non-Exchange Transactions	-	-	-	-	-	4,214,223	**4,214,223**
Receivables From Exchange Transactions	-	-	-	-	-	54,015,087	**54,015,087**
Staff Financing	416,710	833,421	3,750,393	-	-	-	**5,000,524**
	101,155,330	**140,934,921**	**488,750,393**	**-**	**-**	**58,337,610**	**789,178,254**
Non-Current Assets							
Financial Investments Designated at Held-To-Maturity	-	-	-	454,261,791	39,801,810	-	**494,063,601**
Staff Financing	-	-	-	-	36,531,074	-	**36,531,074**
	-	**-**	**-**	**454,261,791**	**76,332,884**	**-**	**530,594,675**

27. FINANCIAL RISK MANAGEMENT (CONTINUED)

(a) Market Risk (continued)

(i) Interest Rate Risk (continued)

	0 - 1 MONTH RM	> 1 - 3 MONTHS RM	> 3 - 12 MONTHS RM	1 - 5 YEARS RM	> 5 YEARS RM	NON-INTEREST SENSITIVE RM	TOTAL RM
Current Liabilities							
Payables From Exchange Transactions	-	-	-	-	-	75,568,236	**75,568,236**
Federal Consolidated Fund	-	-	-	-	-	54,234,055	**54,234,055**
Provision For Employee Benefits	-	-	1,554,718	-	-	-	**1,554,718**
	-	**-**	**1,554,718**	**-**	**-**	**129,802,291**	**131,357,009**
Non-Current Liabilities							
Provision For Employee Benefits	-	-	-	41,733,404	-	-	41,733,404
	-	**-**	**-**	**41,733,404**	**-**	**-**	**41,733,404**

COMPANIES COMMISSION OF MALAYSIA

(Established under the Companies Commission of Malaysia Act 2001)

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2022

27. FINANCIAL RISK MANAGEMENT (CONTINUED)

(a) Market Risk (continued)

(i) Interest Rate Risk (continued)

Interest Rate Sensitivity

Interest rate sensitivity refers to the impact of changes in interest rates on the value and cash flows of financial instruments. The Commission assesses the effects of interest rate changes on our assets and liabilities to identify associated risks and opportunities. By managing interest rate sensitivity, we aim to mitigate risks and maximize returns. We employ interest rate hedging strategies and adjust our investment portfolios accordingly. The Commission's objective is to maintain financial performance and stability in an environment of fluctuating interest rates.

Weighted-Average Interest Rate and Average Maturity

The weighted-average interest rate is an important metric that provides an overall measure of the exposure to interest rates in the Commission's portfolio. It is calculated by considering the amount invested in different financial instruments and their respective interest rates. This metric helps the Commission assess the level of interest rate risk inherent in their investments.

The average maturity period is a key metric that indicates the average time until maturity or payment of financial instruments in the Commission 's portfolio. It helps assess the sensitivity to changes in interest rates over a specific time frame.

By monitoring the average maturity period, the Commission can make informed decisions about their interest rate risk management.

(b) Credit Risk

Credit risk is the risk that occurs due to the inability of the parties involved in the business transactions to meet the responsibility to pay the interest or investment returns as agreed when the contract is enforceable. The Commission's exposure to credit risk is via lending activities, general business transactions, cash deposit, investments with licensed financial institutions and investment in corporate bonds.

The Commission manages its credit risk by continuously monitoring the financial standing and credit worthiness of relevant parties to preserve its interest in the transaction involved.

(i) Analysis Of Maximum Exposure To Credit Risk And Collateral And Other Credit Enhancements

COMPANIES COMMISSION OF MALAYSIA

(Established under the Companies Commission of Malaysia Act 2001)

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2022

27. FINANCIAL RISK MANAGEMENT (CONTINUED)

(b) Credit Risk (continued)

(i) Analysis Of Maximum Exposure To Credit Risk And Collateral And Other Credit Enhancements (continued)

At the reporting date, the Commission's maximum exposure to credit risk by class of financial assets are shown in the following table:

2022 TYPE OF FINANCIAL ASSET	SOVEREIGN FINANCIAL ASSETS RM	NON SOVERIGN FINANCIAL ASSETS RM	TOTAL RM
Cash And Cash Equivalents	-	150,846,920	150,846,920
Deposits With Licensed Financial Institutions	-	570,000,000	570,000,000
Financial Investments Designated At Held-To-Maturity	228,451,383	270,713,718	499,165,101
Receivables From Non-Exchange Transactions	-	4,214,223	4,214,223
Receivables From Exchange Transactions	13,835,430	40,179,657	54,015,087
Staff Financing	-	41,531,598	41,531,598
	242,286,813	**1,077,486,116**	**1,319,772,929**

COMPANIES COMMISSION OF MALAYSIA
(Established under the Companies Commission of Malaysia Act 2001)

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2022

27. FINANCIAL RISK MANAGEMENT (CONTINUED)

(b) Credit Risk (continued)

(ii) Aging Analysis for Either Past Due Or Impaired

	NEITHER PAST DUE NOR IMPAIRED RM	PAST DUE UP TO 3 MONTHS RM	PAST DUE 3 TO 12 MONTHS RM	IMPAIRED RM	TOTAL RM
Current Assets					
Cash And Cash Equivalents	150,846,920	-	-	-	**150,846,920**
Deposits With Licensed Financial Institutions	570,000,000	-	-	-	**570,000,000**
Financial Investments Designated at Held-To-Maturity	448,914,883	-	-	-	**448,914,883**
Receivables From Non-Exchange Transactions	4,214,223	-	-	-	**4,214,223**
Receivables From Exchange Transactions	54,015,087	-	-	-	**54,015,087**
Staff Financing	41,531,599	-	-	-	**41,531,599**
	1,269,522,712	**-**	**-**	**-**	**1,269,522,712**

COMPANIES COMMISSION OF MALAYSIA
(Established under the Companies Commission of Malaysia Act 2001)

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2022

27. FINANCIAL RISK MANAGEMENT (CONTINUED)

(b) Credit Risk (continued)

(iii) Aging Credit Quality

	SOVEREIGN RM	STRONG RM	MODERATE RM	SUB-STANDARD RM	NON-RATED RM	IMPAIRED RM	TOTAL RM
Current Assets							
Cash And Cash Equivalents	150,846,920	-	-	-	-	-	**150,846,920**
Deposits With Licensed Financial Institutions	-	570,000,000	-	-	-	-	**570,000,000**
Financial Investments Designated at Held-To-Maturity	-	-	448,914,883	-	-	-	**448,914,883**
Receivables From Non-Exchange Transactions	-	-	-	4,214,223	-	-	**4,214,223**
Receivables From Exchange Transactions	-	-	-	54,015,087	-	-	**54,015,087**
Staff Financing	-	-	-	5,000,524	36,531,074	-	**41,531,598**
	150,846,920	**570,000,000**	**448,914,883**	**63,229,834**	**36,531,074**	**-**	**1,269,522,711**

COMPANIES COMMISSION OF MALAYSIA

(Established under the Companies Commission of Malaysia Act 2001)

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2022

27. FINANCIAL RISK MANAGEMENT (CONTINUED)

(b) Credit Risk (continued)

The Commission is committed to conducting periodic reviews to reassess the credit quality of our financial instruments and ensure that the assigned credit ratings accurately reflect their risk profiles. Any changes in credit ratings resulting from these reviews, including compliance with relevant accounting standards and regulations, will be disclosed in our financial statements and related reports. We provide detailed explanations for these changes, emphasizing the reasons behind the adjustments and the potential impact on the risk profile of the instruments.

(c) Liquidity Risk

Liquidity and cash flow risk refer to the potential inability to meet financial obligations in a timely manner due to insufficient funds. The Commission acknowledges this risk and takes measures to manage it effectively. To address liquidity risk, the Commission continuously monitors its projected cash outflows and inflows. This allows for better cash flow management and ensures that the Commission maintains a strong financial position with ample liquidity to meet its obligations. In addition, the Commission ensures that its assets are sufficiently liquid and readily available when needed. It achieves this by placing a certain amount of cash and easily convertible deposits with licensed financial institutions. These funds are set aside based on the estimated financial commitments that will become due for settlement. By maintaining a suitable level of liquid assets, the Commission can mitigate the liquidity risk and ensure the availability of funds when required.

By actively monitoring cash flows, maintaining sufficient liquidity, and strategically managing its assets, the Commission strives to minimize liquidity and cash flow risk and maintain financial stability.

FINANCIAL LIABILITY CATEGORY	MATURITY PERIOD
Short-term Debt	1 year or less
Long-term Debt	More than 1 year

The table below summarise the maturity profile of the Commission financial liabilities based on undiscounted repayment obligations:

FINANCIAL LIABILITIES	LESS THAN 12 MONTHS RM	MORE THAN 12 MONTHS RM	TOTAL RM
Creditors from exchange transactions	75,568,236	-	**75,568,236**
Federal Consolidated Fund	54,234,055	-	**54,234,055**
Provision for employee benefits	1,554,718	41,733,404	**43,288,122**
Total Financial Liabilities at Fair Value Through Surplus or Deficit	**131,357,009**	**41,733,404**	**173,090,413**

COMPANIES COMMISSION OF MALAYSIA

(Established under the Companies Commission of Malaysia Act 2001)

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2022

27. FINANCIAL RISK MANAGEMENT (CONTINUED)

(d) Operational Risk

Operational risk is the risk of losses that exists due to the failure of organisation's internal control processes. Therefore, operational risk management approach is planned and consistently adopted by the Commission to align its strategies, policies, processes, technologies and enhancing knowledge among its staff to create value add and continuous improvement of work processes. In addition to practicing good corporate governance to ensure the implementation of comprehensive internal control.

By implementing these measures, the Commission aims to mitigate operational risks, protect its financial interests, and maintain trust and confidence among stakeholders.

28. FAIR VALUE

(a) Determination of Fair Value and Fair Value Hierarchy

The fair value represents the estimated market value of an asset or liability at a specific point in time. The fair value hierarchy provides a framework for categorizing the inputs used in determining fair value. The fair value hierarchy consists of three levels:

(i) Financial Instruments in Level 1, Quoted Prices in Active Markets
This level includes financial instruments for which the fair value is based on observable market prices from active markets. These prices are readily available and can be easily accessed, such as listed stocks or bonds.

(ii) Financial Instruments in Level 2, Inputs Other than Quoted Prices
This level includes financial instruments for which the fair value is determined using observable inputs other than quoted market prices. These inputs may include market data for similar instruments, interest rates, yield curves, volatilities and foreign exchange rates or benchmark pricing. These would include government securities and corporate bonds.

(iii) Financial Instruments in Level 3, Unobservable Inputs
This level comprises financial instruments for which the fair value is estimated using unobservable inputs. These inputs are not based on observable market data and require judgment and assumptions. Level 3 inputs are typically used for instruments that are not actively traded or for which market prices are not readily available.

(b) Financial Instruments Measured at Fair Value and The Fair Value Hierarchy

The fair value of the financial instruments and valuation technique and inputs used to determine the fair value.

(c) Fair Value of Financial Instruments Not Carried at Fair Value

(i) Cash and Cash Equivalents, Deposits with Licensed Financial Institutions, Receivables and Payables

COMPANIES COMMISSION OF MALAYSIA

(Established under the Companies Commission of Malaysia Act 2001)

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2022

28. FAIR VALUE (CONTINUED)

(c) Fair Value of Financial Instruments Not Carried at Fair Value (continued)

(ii) Cash and Cash Equivalents, Deposits with Licensed Financial Institutions, Receivables and Payables

The carrying amount of these financial assets and liabilities are reasonable approximation of fair value due to their short-term nature or are repayable on demand.

(iii) Staff Financing

The carrying amount of staff financing approximate fair value, which are estimated by discounting the estimated future cash flows using the market interest rates for financial assets with similar risk profile.

(d) Reconciliation of Level 3 Fair Valuation of Financial Investments

Reconciliation to Level 3 fair value valuation is prepared for financial investments designated as held-to-maturity. These reconciliations ensure that the assigned fair value accurately reflects the risk and value of the financial instruments.

29. TRANSITION TO MPSAS

The Commission transitioned to the Malaysian Public Sector Accounting Standards (MPSAS) on 01 January 2022. As a first-time adopter, the Commission prepared its opening statement of financial position based on MPSAS requirements. According to MPSAS 33, a first-time adopter has a period of up to three (3) years to recognize and measure certain assets and liabilities.

In the Commission's transition to accrual basis MPSASs, it utilized this transitional exemption for the following:

(i) Intangible Assets

The Commission not separately identify intangible asset costs from Property, Plant, and Equipment. The Commission will identify and separate intangible asset costs to achieve more accurate cost, Note 3.6.

(ii) Deferred Tax

The Commission for a period of not providing deferred tax in the financial statements. The Commission will provide accurate recognition and disclosure of deferred tax once the transition to MPSAS is completed, Note 3.9.

(iii) Long-Term Employee Benefits

The Commission adopted a simplified method for measuring of long-term employee benefits, Note 3.11 and Note 17.

(iv) Non-Exchange Transactions

The Commission did not recognize revenue from non-exchange transactions, including service revenue and compound receipts, in the accrual basis, Note 3.12.

COMPANIES COMMISSION OF MALAYSIA
(Established under the Companies Commission of Malaysia Act 2001)

NOTES TO THE FINANCIAL STATEMENTS 31 DECEMBER 2022

29. TRANSITION TO MPSAS (CONTINUED)

These transitional exemptions to ensure a smooth transition to the accrual basis MPSASs.

The transition to MPSAS includes restatement of certain accounts in the Commission's financial statements to reflect the adjustments and reclassifications pursuant to the requirements of previous accounting policies under MPERS and current accounting policies under MPSAS. The nature of these adjustments and reclassifications are as follows:

	01 JANUARY 2021			31 DECEMBER 2021		
	MPERS RM	EFFECTS OF ADOPTION RM	MPSAS RM	MPERS RM	EFFECTS OF ADOPTION RM	MPSAS RM
Current Assets						
Trade Debtors	6,540,782	(6,540,782)	-	10,995,119	(10,995,119)	-
Other Debtors, Deposits and Prepayments	33,814,039	(33,814,039)	-	32,904,784	(32,904,784)	-
Staff Financing	-	5,474,787	5,474,787	-	5,076,024	5,076,024
Short-Term Investments	622,084,133	(622,084,133)	-	592,011,214	(592,011,214)	-
Deposits With Licensed Financial Institutions	-	565,000,000	565,000,000	-	530,000,000	530,000,000
Financial Investments Designated at Held-To-Maturity	-	57,084,133	57,084,133	-	62,011,214	62,011,214
Receivables From Non-Exchange Transactions	-	3,970,819	3,970,819	-	5,747,579	5,747,579
Receivables From Exchange Transactions	-	36,391,706	36,391,706	-	38,160,031	38,160,031
Inventories	277,820	-	277,820	-	-	-
Cash And Cash Equivalents	121,165,071	-	121,165,071	134,358,188	-	134,358,188
	783,881,845	**5,482,491**	**789,364,336**	**770,269,305**	**5,083,731**	**775,353,036**

COMPANIES COMMISSION OF MALAYSIA
(Established under the Companies Commission of Malaysia Act 2001)

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2022

29. TRANSITION TO MPSAS (CONTINUED)

	01 JANUARY 2021			31 DECEMBER 2021		
	MPERS RM	EFFECTS OF ADOPTION RM	MPSAS RM	MPERS RM	EFFECTS OF ADOPTION RM	MPSAS RM
Non Current Assets						
Property, Fittings and Equipment	127,474,655	72,307,300	199,781,955	154,946,369	4,647,871	159,594,240
Investment Properties	10,395,000	(875,000)	9,520,000	52,366,730	(6,661,190)	45,705,540
Long-Term Investments	245,732,673	(245,732,673)	-	364,049,765	(364,049,765)	-
Financial Investments Designated At Held-To-Maturity	-	245,732,673	245,732,673	-	364,049,765	364,049,765
Work-In-Progress	71,432,300	(71,432,300)	-	-	-	-
Staff Financing	48,819,366	(5,474,787)	43,344,579	44,451,256	(5,076,025)	39,375,231
	503,853,994	**(5,474,787)**	**498,379,207**	**615,814,120**	**(7,089,344)**	**608,724,776**

29. TRANSITION TO MPSAS (CONTINUED)

	01 JANUARY 2021				31 DECEMBER 2021		
	MPERS RM	EFFECTS OF ADOPTION RM	MPSAS RM		MPERS RM	EFFECTS OF ADOPTION RM	MPSAS RM
Current Liabilities							
Federal Consolidated Fund	46,821,768	-	46,821,768		49,716,558	(603,996)	49,112,562
Other Creditors	57,417,850	(57,417,850)	-		59,407,859	(59,407,859)	-
Project Creditors	2,217,590	(2,217,590)	-		605,878	(605,878)	-
Payable From Exchange Transactions	-	57,010,096	57,010,096		-	58,167,403	58,167,403
Taxation And Zakat	23,760,905	-	23,760,905		23,000,000	-	23,000,000
Provision For Employee Benefits	-	2,761,474	2,761,474		-	1,982,464	1,982,464
	130,218,113	**136,130**	**130,354,243**		**132,730,295**	**(467,866)**	**132,262,429**
Non-Current Liabilities							
Provision For Employee Benefits	32,106,776	-	32,106,776		34,160,227	-	34,160,227
	32,106,776	**-**	**32,106,776**		**34,160,227**	**-**	**34,160,227**
	1,125,410,950	**(128,426)**	**1,125,282,524**		**1,219,192,903**	**(1,537,747)**	**1,217,655,156**
Net Assets/ Equity							
Retained Earning	1,034,410,950	(128,426)	1,034,282,524		1,128,192,903	(1,537,747)	1,126,655,156
Staff Financing Fund	91,000,000	-	91,000,000		91,000,000	-	91,000,000
	1,125,410,950	**(128,426)**	**1,125,282,524**		**1,219,192,903**	**(1,537,747)**	**1,217,655,156**

COMPANIES COMMISSION OF MALAYSIA
(Established under the Companies Commission of Malaysia Act 2001)

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2022

30. STANDARD MPSAS

The changes in accounting policies implemented are guided by the transitional provisions outlined in the previously mentioned standards. The impact of transition to MPSAS is disclosed in Note 29.

The adopted standards are as follows:

MPSAS 1	:	Presentation of Financial Statements
MPSAS 2	:	Cash Flow Statements
MPSAS 3	:	Accounting Policies, Changes in Accounting Estimates and Errors
MPSAS 4	:	The Effect of Changes in Foreign Exchange Rate
MPSAS 5	:	Borrowing Costs
MPSAS 9	:	Revenue From Exchange Transactions
MPSAS 11	:	Construction Contracts
MPSAS 12	:	Inventories
MPSAS 13	:	Leases
MPSAS 14	:	Events After the Reporting Date
MPSAS 16	:	Investment Property
MPSAS 17	:	Property, Plant and Equipment
MPSAS 19	:	Provisions, Contingent Liabilities and Contingent Assets
MPSAS 20	:	Related Party Disclosures
MPSAS 21	:	Impairment of Non-Cash-Generating Assets
MPSAS 22	:	Disclosure of Financial Information
MPSAS 23	:	Revenue From Non-Exchange Transactions (Taxes and Transfers)
MPSAS 24	:	Presentation of Budget Information in Financial Statement
MPSAS 25	:	Employee Benefits
MPSAS 26	:	Impairment of Cash-Generating Assets
MPSAS 27	:	Agriculture
MPSAS 28	:	Financial Instruments: Presentation
MPSAS 29	:	Financial Instruments: Recognition and Measurement
MPSAS 30	:	Financial Instruments: Disclosures
MPSAS 31	:	Intangible Assets
MPSAS 32	:	Service Concession Arrangements: Grantor
MPSAS 33	:	First-Time Adoption of Accrual Basis MPSASs
MPSAS 34	:	Separate Financial Statements
MPSAS 35	:	Consolidated Financial Statements
MPSAS 36	:	Investments in Associates and Joint Ventures
MPSAS 37	:	Joint Arrangements
MPSAS 38	:	Disclosure of Interest in Other Entities