

**PERBADANAN PENGURUSAN KOMPLEKS  
KENANGA WHOLESALE CITY  
PTG/WP. 20/1/2832  
(Incorporated in Malaysia)**

**REPORTS AND FINANCIAL STATEMENTS  
for the financial year ended 31 December 2023**

**YONG & LEONARD (AF 0075)  
Chartered Accountants**

**PERBADANAN PENGURUSAN KOMPLEKS KENANGA WHOLESALE CITY**  
**PTG/WP. 20/1/2832**  
*(Incorporated in Malaysia)*

**FINANCIAL STATEMENTS**  
**FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023**

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**PERBADANAN PENGURUSAN KOMPLEKS KENANGA WHOLESALE CITY**  
**PTG/WP. 20/1/2832**  
*(Incorporated in Malaysia)*

**CORPORATE INFORMATION**

**COMMITTEE** : 1) **BENGAMIN BONG WHAI HUNG**  
2) **FOONG KAH HOA**  
3) **CHARLES LYE NAI KEAN**  
4) **POOK MUN FEE**  
5) **TEE JOO TEIK**  
6) **ROZAINI OMAR**  
7) **SER SOON HUAT**  
8) **FOO CHEE CHAU**  
9) **LOKE KUAN LENG**

**PRINCIPAL PLACE OF MANAGEMENT** : **NO. 8-01, KOMPLEKS KENANGA**  
**WHOLESALE CITY**  
**NO. 2 JALAN GELUGOR,**  
**55200 KUALA LUMPUR**

**BANKER** : **RHB BANK BERHAD**

**AUDITORS** : **YONG & LEONARD (AF 0075)**  
**CHARTERED ACCOUNTANTS**

## COMMITTEES' REPORT

The Committee hereby submit their report together with the audited financial statements of the Management Corporation for the financial year ended 31 December 2023.

### PRINCIPAL ACTIVITIES

The principal activity of the Management Corporation is to maintain and manage the subdivided building known as Kompleks Kenanga Wholesale City for and on behalf of the parcel owners of the said building.

There have been no significant changes in the nature of these activities during the financial year.

### FINANCIAL RESULTS

	<b>2023</b> <b>RM</b>
Deficit for the financial year	<u>(1,674,158)</u>

### COMMITTEE

The Committee who served since the date of the last report are:

<b>Chairman</b>	<b>: Bengamin Bong Whai Hung</b>
<b>Secretary</b>	<b>: Foong Kah Hoa</b>
<b>Treasurer</b>	<b>: Charles Lye Nai Kean</b>
<b>Other committee</b>	<b>: 1) Pook Mun Fee</b>
	<b>2) Tee Joo Teik</b>
	<b>3) Rozaini Omar</b>
	<b>4) Ser Soon Huat</b>
	<b>5) Foo Chee Chau</b>
	<b>6) Loke Kuan Leng</b>

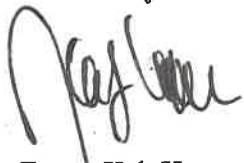
**STATEMENT BY COMMITTEE**

We, Bengamin Bong Whai Hung, Foong Kah Hoa and Charles Lye Nai Kean being three members of the Committee of Perbadanan Pengurusan Kompleks Kenanga Wholesale City, do hereby state on behalf of the Committee that in our opinion, the financial statements set out on pages 6 to 19 are drawn up so as to give a true and fair view of the financial position of the Management Corporation as at 31 December 2023, and of the results of its operations and cash flows for the financial period then ended, in accordance with the Malaysian Private Entities Reporting Standard and the requirements of the Strata Management Act 2013 in Malaysia.

On Behalf of the Committee,



Bengamin Bong Whai Hung  
Chairman



Foong Kah Hoa  
Secretary



Charles Lye Nai Kean  
Treasurer

Kuala Lumpur in Wilayah Persekutuan  
Dated: 26 March 2024

Before Me,

Commissioner for Oaths  
Kuala Lumpur in Wilayah Persekutuan



**INDEPENDENT AUDITORS' REPORT PURSUANT TO THE SECTION 26 OF ACT 757 OF THE STRATA MANAGEMENT ACT, 2013 FOR PERBADANAN PENGURUSAN KOMPLEKS KENANGA WHOLESALE CITY**

**To the proprietors of Perbadanan Pengurusan Kompleks Kenanga Wholesale City**

**Reports on the Audit of the Financial Statements**

**Opinion**

We have audited the financial statements of Perbadanan Pengurusan Kompleks Kenanga Wholesale City which comprise the statement of financial position as at 31 December 2023, and the statement of comprehensive income, statement of changes in accumulated funds and statement of cash flows for the financial year then ended, and a summary of significant accounting policies and other explanatory information, as set out on pages 6 to 19.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Management Corporation as at 31 December 2023, and of its financial performance and its cash flows for the financial year then ended in accordance with Malaysian Private Entities Reporting Standard and the requirements of Act 757 of the Strata Management Act, 2013 in Malaysia.

**Basis for opinion**

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

*Independence and Other Ethical Responsibilities*

We are independent of the Management Corporation in accordance with the By-Laws (on Professional Ethics, Conduct and Practice) of the Malaysian Institute of Accountants ("By-Laws") and the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants ("IESBA Code"), and we have fulfilled our other ethical responsibilities in accordance with the By-Laws and the IESBA code.

**Responsibilities of the Committee of the Management Corporation for the Financial Statements**

The Committee are responsible for the preparation of financial statements so as to give a true and fair view in accordance with Malaysian Private Entities Reporting Standard and the requirements of the Act 757 of the Strata Management Act, 2013 in Malaysia. The Committee are also responsible for such internal control as the Committee determine are necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

**INDEPENDENT AUDITORS' REPORT PURSUANT TO THE SECTION 26 OF ACT 757 OF THE STRATA MANAGEMENT ACT, 2013 FOR PERBADANAN PENGURUSAN KOMPLEKS KENANGA WHOLESALE CITY**

**Auditors' Responsibilities for the Audit of the Financial Statements**

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

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

- Identify and assess the risks of material misstatement of the financial statements of the Management Corporation, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than that for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Management Corporation's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Committee.
- Conclude on the appropriateness of the Committee'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 Management Corporation's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements of the Management Corporation or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Management Corporation to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements of the Management Corporation, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

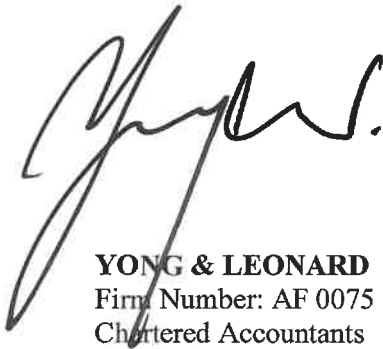
**INDEPENDENT AUDITORS' REPORT PURSUANT TO THE SECTION 26 OF ACT 757 OF THE STRATA MANAGEMENT ACT, 2013 FOR PERBADANAN PENGURUSAN KOMPLEKS KENANGA WHOLESALE CITY**

**Report on Other Legal and Regulatory Requirements**

In accordance with the requirements of Act 757 of the Strata Management Act, 2013 in Malaysia, we also report that in our opinion, the accounting and other records and the registers required by the Act to be kept by Management Corporation have been properly kept in accordance with the provisions of the Act.

**Other Matters**

This report is made solely to the members of the Management Corporation, as a body in accordance with the Strata Management Act, 2013 in Malaysia and for no other purpose. We do not assume responsibility to any other person for the content of this report.



**YONG & LEONARD**  
Firm Number: AF 0075  
Chartered Accountants



**CHIN YOONG KEN**  
Approval Number: 3770/08/25(J)  
Partner of the Firm

Date: 26 March 2024

Petaling Jaya

**PERBADANAN PENGURUSAN KOMPLEKS KENANGA WHOLESALE CITY**  
**PTG/WP. 20/1/2832**  
*(Incorporated in Malaysia)*

**STATEMENT OF FINANCIAL POSITION**  
**AS AT 31 DECEMBER 2023**

	Note	2023 RM	2022 RM
<b>ASSETS</b>			
<b>CURRENT ASSETS</b>			
Receivable from parcel owners	4	486,011	447,553
Other receivables, deposits and prepayments	5	1,678,785	1,147,311
Tax refundable		18,715	-
Fixed deposit with licensed banks		10,350,000	13,950,000
Cash and bank balances		1,845,251	1,465,344
		<u>14,378,762</u>	<u>17,010,208</u>
<b>TOTAL ASSETS</b>		<u>14,378,762</u>	<u>17,010,208</u>
<b>MANAGEMENT FUNDS AND LIABILITIES</b>			
<b>MANAGEMENT FUNDS</b>			
Sinking fund	6	5,863,880	6,723,266
Accumulated surplus		2,437,688	4,111,846
<b>TOTAL MANAGEMENT FUNDS</b>		<u>8,301,568</u>	<u>10,835,112</u>
<b>CURRENT LIABILITIES</b>			
Account payables		501,609	307,236
Other payables and accruals	7	5,575,585	5,829,191
Provision for taxation		-	38,669
		<u>6,077,194</u>	<u>6,175,096</u>
<b>NET CURRENT ASSETS</b>		<u>8,301,568</u>	<u>10,835,112</u>
<b>TOTAL LIABILITIES</b>		<u>6,077,194</u>	<u>6,175,096</u>
<b>TOTAL MANAGEMENT FUNDS AND LIABILITIES</b>		<u>14,378,762</u>	<u>17,010,208</u>

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

**PERBADANAN PENGURUSAN KOMPLEKS KENANGA WHOLESALE CITY**  
**PTG/WP. 20/1/2832**  
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**STATEMENT OF COMPREHENSIVE INCOME**  
**FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023**

	Note	2023 RM	2022 RM
<b>Income</b>			
Advertising and promotion charge		1,566,834	1,566,834
Service charge		11,350,809	11,350,809
Other income		2,879,252	2,735,393
Interest income		239,950	160,325
<b>Total income</b>		<u>16,036,845</u>	<u>15,813,361</u>
<b>Less: Expenditure</b>			
Operating expenses		1,537,608	1,448,294
Upkeep of premises		4,645,523	4,537,389
Utilities		6,793,378	5,250,105
Administrative expenses		410,703	326,968
Staff costs	8	4,324,187	3,840,478
<b>Total expenditure</b>		<u>17,711,399</u>	<u>15,403,234</u>
(Deficit)/surplus for the financial year before taxation	9	(1,674,554)	410,127
Tax expense	10	396	(43,352)
<b>(Deficit)/surplus for the financial year</b>		<u>(1,674,158)</u>	<u>366,775</u>

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

**PERBADANAN PENGURUSAN KOMPLEKS KENANGA WHOLESALE CITY**  
**PTG/WP. 20/1/2832**  
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**STATEMENT OF CHANGES IN ACCUMULATED FUNDS**  
**FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023**

	<b>Sinking fund RM</b>	<b>Accumulated surplus RM</b>	<b>Total RM</b>
As at 1 January 2022	6,407,557	3,745,071	10,152,628
Surplus for the financial year	<u>315,709</u>	<u>366,775</u>	<u>682,484</u>
As at 31 December 2022	6,723,266	4,111,846	10,835,112
Deficit for the financial year	<u>(859,386)</u>	<u>(1,674,158)</u>	<u>(2,533,544)</u>
As at 31 December 2023	<u><u>5,863,880</u></u>	<u><u>2,437,688</u></u>	<u><u>8,301,568</u></u>

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

**PERBADANAN PENGURUSAN KOMPLEKS KENANGA WHOLESALE CITY**  
**PTG/WP. 20/1/2832**  
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**STATEMENT OF CASH FLOWS**  
**FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023**

	<b>2023</b>	<b>2022</b>
	<b>RM</b>	<b>RM</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
(Deficit)/surplus before tax	<u>(1,674,554)</u>	<u>410,127</u>
Operating profit before working capital changes	(1,674,554)	410,127
(Increase)/decrease in receivables from parcel owners, other receivables, deposits and prepayments	(569,932)	85,057
(Decrease)/increase in account payables, other payables and accruals	<u>(59,233)</u>	<u>545,733</u>
Cash (used in)/generated from operations	(2,303,719)	1,040,917
Tax paid	<u>(56,946)</u>	<u>(24,787)</u>
Net cash (used in)/generated from operating activities	<u>(2,360,665)</u>	<u>1,016,130</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Fixed deposit interest income	181,600	145,700
Sinking fund income	1,134,842	1,134,842
Utilisation of sinking funds	<u>(2,175,870)</u>	<u>(935,329)</u>
Net cash (used in)/generated from financing activities	<u>(859,428)</u>	<u>345,213</u>
Net increase in cash and cash equivalents	(3,220,093)	1,361,343
Cash and cash equivalents at beginning of the financial year	<u>15,415,344</u>	<u>14,054,001</u>
Cash and cash equivalents at end of the financial year	<u>12,195,251</u>	<u>15,415,344</u>
<b>Cash and cash equivalents comprise:</b>		
Fixed deposit with licensed banks	10,350,000	13,950,000
Cash and bank balances	<u>1,845,251</u>	<u>1,465,344</u>
	<u>12,195,251</u>	<u>15,415,344</u>

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

**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023**

**1 GENERAL INFORMATION**

The Management Corporation was established on 1 March 2016. The principal place of the property mall is located at No. 8-01, Kompleks Kenanga Wholesale City No.2 Jalan Gelugor, 55200 Kuala Lumpur.

**2 SIGNIFICANT ACCOUNTING POLICIES**

The financial statements of the Management Corporation have been prepared in accordance with the Malaysian Private Entities Reporting Standard (“MPERS”) and the requirement of Act 757 of the Strata Management Act, 2013.

The financial statements have been prepared on the historical cost basis other than as disclosed in these notes.

The principal accounting policies adopted are set out below:

**2.1 FINANCIAL ASSETS**

Financial assets are recognised in the statement of financial position when the Management Corporation becomes a party to the contractual provisions of the instrument.

On initial recognition, financial assets are measured at transaction price, include transaction costs for financial assets not measured at fair value through profit or loss, unless the arrangement constitutes, in effect, a financing transaction for the counterparty to the arrangement.

After initial recognition, financial assets are classified into one of three categories: financial assets measured at fair value through profit or loss, financial assets that are debt instruments measured at amortised cost, and financial assets that are equity instruments measured at cost less impairment.

All financial assets of the Management Corporation are debt instruments measured at amortised cost.

***i) Financial Assets that are Debt Instruments Measured at Amortised Cost***

After initial recognition, debt instruments are measured at amortised cost using the effective interest method. Debt instruments that are classified as current assets are measured at the undiscounted amount of the cash or other consideration expected to be received.

Effective interest method is a method of calculating the amortised cost of financial assets and of allocating the interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimate future cash receipts through the expected life of the financial assets or, when appropriate, a shorter period, to the carrying amount of the financial assets.

**ii) *Impairment of Financial Assets***

At the end of each reporting period, the Management Corporation assess whether there is any objective evidence that financial assets that are measured at cost or amortised cost, are impaired.

Objective evidence could include:

- Significant financial difficulty of the issuer or obligor.
- A breach of contract.
- the lender granting to borrower a concession that the lender would not otherwise consider.
- it has become probable that the borrower will enter bankruptcy or other financial reorganisation.
- observable data indicating that there is a measurable decrease in the estimated future cash flows from the financial assets since the initial recognition of those assets.

For certain category of financial assets, such as account receivables, if it is determined that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, the assets are included in a group with similar credit risk characteristics and collectively assessed for impairment.

Impairment losses, in respect of financial assets measured at amortised cost, are measured as the differences between the assets' carrying amounts and the present value of their estimated cash flows discounted at the assets' original effective interest rate.

If the objective evidence that impairment losses have been incurred on financial assets measured at cost less impairment, the amount of impairment losses are measured as the differences between the asset's carrying amount and the best estimate that the Management Corporation would receive for the asset if it were to be sold at the reporting date.

The carrying amounts of the financial assets are reduced directly, except for the carrying amounts of account receivables which are reduced through the use of an allowance account. Any impairment loss is recognised in profit or loss immediately. If, in subsequent period, the amount of an impairment loss decreases, the previously recognised impairment losses are reversed directly, except for the amounts related to trade receivables which are reversed to write back the amount previously provided in the allowance account. The reversal is recognised in the profit or loss immediately.

**iii) *Derecognition of Financial Assets***

Financial assets are derecognised when the contractual rights to the cash flows from the financial assets expire, or are settled, or the Management Corporation transfers to another party substantially all of the risks or rewards of ownership of the financial assets.

On derecognition of financial assets in their entirety, the differences between the carrying amounts and the sum of the consideration received and any cumulative gains or losses in the period of the transfer.

## **2.2 CASH AND CASH EQUIVALENTS**

The Management Corporation adopts the indirect method in preparation of the statement of cash flows.

Cash and cash equivalents include short term, highly liquid investments with maturities of 12 months or less from the date of acquisition and are readily convertible to cash without significant risk of changes in value.

## **2.3 LIABILITIES AND EQUITY**

### ***i) Classification Of Liabilities And Equity***

Financial liabilities and equity instruments are classified in accordance with the substance of the contractual arrangement, not merely its legal form, and in accordance with the definitions of a financial liability and an equity instrument.

### ***ii) Equity Instruments***

Ordinary shares are classified as equity.

Equity instruments are any contracts that evidence a residual interest in the assets of the Management Corporation after deducting all of its liabilities. Equity instruments issued by the Management Corporation, other than those issued as part of a business combination or those accounted for in paragraphs 22.15A to 22.15B of the MPERS, are measured at the fair value of the cash or other resources received or receivable, net of transaction costs. If payment is deferred and the time value of money is material, the initial measurement shall be on a present value basis.

The Management Corporation accounts for the transaction costs of an equity as a deduction from equity. Income tax relating to the transaction costs is accounted for in accordance with Section 29 of the MPERS.

Distributions to owners are deducted from the equity. Related income tax is accounted for in accordance with Section 29 of the MPERS.

### ***iii) Financial Liabilities***

Financial liabilities are recognised in the statements of financial position when the Management Corporation becomes party to the contractual provisions of the instrument.

On initial recognition, financial liabilities are measured at transaction price, include transaction costs for financial liabilities not measured at fair value through profit or loss, unless the arrangement constitutes, in effect, a financing transaction for the Management Corporation to the arrangement.

After initial recognition, financial liabilities are classified into one of three categories: financial liabilities measured at fair value through profit or loss, financial liabilities measured at amortised cost, or loan commitments measured at cost less impairment.

All financial liabilities of the Management Corporation are measured at amortised cost.

***iv) Financial Liabilities Measured at Amortised Cost***

After initial recognition, financial liabilities other than financial liabilities at fair value through profit or loss are measured at amortised cost using the effective interest method. Gains or losses are recognised in profit or loss when the financial liabilities are derecognised or impaired.

Effective interest method is a method of calculating the amortised cost of financial liabilities and of allocating the interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimate future cash payments through the expected life of the financial liabilities or, when appropriate, a shorter period, to the carrying amount of the financial liabilities.

***v) Derecognition Of Financial Liabilities***

Financial liabilities are derecognised when the obligation specified in the contract is discharged, cancelled or expires.

Any difference between the carrying amounts of the financial liabilities derecognised and the consideration paid is recognised in profit or loss.

**2.4 SINKING FUND**

This represents contributions made by parcel owners. The fund may only be utilised for the purpose of meeting actual or expected liabilities in respect of the upkeep and maintenance of Perbadanan Pengurusan Kompleks Kenanga Wholesale City, or the common property related and related capital expenditure and all other expenses deemed necessary for the performance of its duties on the said property. Sinking fund is accounted for on an accrual basis.

**2.5 REVENUE**

Revenue is measured at the fair value of the consideration received or receivable, net of any trade discounts, prompt settlement discounts, volume rebates and indirect taxes applicable to the revenue. Revenue is recognised in profit or loss based on the following:

***i) Service charges***

Revenue is recognised based on invoiced value of service charges to the parcel owners of the mall on accrual basis.

***ii) Interest income***

Interest income is recognised using the effective interest method, and accrued on a time basis.

***iii) Rental income***

Rental income is recognised on an accrual basis in accordance with the substance of the relevant agreement.

## **2.6 EMPLOYEE BENEFITS**

### ***i) Short-Term Employment Benefits***

Short-term employment benefits, such as wages, salaries and other benefits, are recognised at the undiscounted amount as a liability and an expense when the employees have rendered services to the Management Corporation.

The expected cost of accumulating compensated absences are recognised when the employees render services that increase their entitlement to future compensated absences. The expected cost of non-accumulating compensated absences, such as sick and medical leaves, are recognised when the absences occur.

The expected cost of accumulating compensated absences are measured at the undiscounted additional amount expected to be paid as a result of the unused entitlement that has accumulated at the end of the reporting period.

The expected cost of profit-sharing and bonus payments are recognised when the Management Corporation have a present legal or constructive obligation to make such payments as a result of past events and a reliable estimate of the obligation can be made. A present obligation exists when the Management Corporation have no realistic alternative but to make the payments.

### ***ii) Defined Contribution Plans***

As required by law, employers in Malaysia make contributions to the pension scheme, the Employees Provident Fund (“EPF”). Such contributions are recognised as an expense in the income statement as incurred.

## **2.7 INCOME TAX**

Tax expense is recognised in profit or loss, except that a change attributable to an item of income or expense recognised as other comprehensive income is also recognised in other comprehensive income.

Tax payable on taxable profit for current and past periods is recognised as a current tax liability to the extent unpaid. If the amount paid in respect of the current and past periods exceeds the amount payable for those periods, the excess is recognised as a current tax asset.

Current tax assets and liabilities are measured at the amounts expected to be paid or recovered, using the tax rates and laws that have been enacted or substantially enacted by the reporting date.

Current tax liabilities and assets are offset if, and only if the Management Corporation has a legally enforceable right to set off the amounts and plan either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Deferred tax is provided in full on temporary differences which are the differences between the carrying amounts in the financial statements and the corresponding tax base of an asset or liability at the end of the reporting period.

Deferred tax liabilities are recognised for all taxable temporary differences that are expected to increase taxable profit in the future. Deferred tax assets are recognised for all deductible temporary differences that are expected to reduce taxable profit in the future and the carry forward of unused tax losses and unused tax credits.

Deferred tax liabilities and assets are not recognised in respect of the temporary differences associated with the initial recognition of an asset or a liability in a transaction that is not a business combination and at the time of the transactions, affects neither accounting profit nor taxable profit. Deferred tax liabilities are also not recognised for temporary difference associated with the initial recognition of goodwill.

Deferred tax liabilities and assets reflect the tax consequences that would follow from the manner in which the Management Corporation expects to recover or settle the carrying amounts of their assets and liabilities and are measured at the tax rates and laws that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates that have been enacted or substantially enacted by the reporting date.

No provision for income tax is made for income from owners as the Company is a mutual concern whereby mutual income in the form of service charges are used to provide maintenance, cleaning and other services by the Company to common properties at Kompleks Kenanga Wholesale City.

However, income from third parties is subject to income tax.

### **3 CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY**

Estimates and judgements are continually evaluated by the directors and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

#### **3.1 CRITICAL JUDGEMENTS IN APPLYING THE MANAGEMENT CORPORATION'S ACCOUNTING POLICIES**

In the process of applying the Management Corporation's accounting policies, which are described in Note 2 above, the Committee is of the opinion that there are no instances of application of judgement which are expected to have a significant effect on the amounts recognised in the financial statements.

#### **3.2 KEY SOURCES OF ESTIMATION UNCERTAINTY**

Committee believes that there are no key assumptions made concerning the future, and other key sources of estimation uncertainty at the end of the reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

**4 RECEIVABLE FROM PARCEL OWNERS**

	<b>2023</b>	<b>2022</b>
	<b>RM</b>	<b>RM</b>
Accounts receivables	<u>486,011</u>	<u>447,553</u>

The credit period granted to parcel owners for invoice pertaining to service charge and sinking fund are 30 days (2022: 30 days). The gross trade receivables ageing by number of days are as follows:

	<b>2023</b>	<b>2022</b>
	<b>RM</b>	<b>RM</b>
Ageing by number of days		
1 – 30 days	4,361	8,259
31 – 60 days	157,703	144,300
61 – 90 days	17,802	24,584
91 – 120 days	5,983	11,153
>120 days	<u>300,162</u>	<u>259,257</u>
	<u>486,011</u>	<u>447,553</u>

**5 OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS**

	<b>2023</b>	<b>2022</b>
	<b>RM</b>	<b>RM</b>
<b>Financial assets measured at amortised cost:</b>		
Deposits	992,438	991,938
Other receivables	348,870	36,988
Accrued income	<u>195,423</u>	<u>-</u>
	1,536,731	1,028,926
Prepayments	<u>142,054</u>	<u>118,385</u>
	<u>1,678,785</u>	<u>1,147,311</u>

Included in other receivables is RM35,959 (2022: RM35,217) owing by companies in which certain committee members of the Management Corporation are shareholders and/or directors.

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**6 SINKING FUND**

	<b>2023</b>	<b>2022</b>
	<b>RM</b>	<b>RM</b>
At beginning of financial year	<u>6,723,266</u>	<u>6,407,557</u>
Add: Income:		
Interest income from fixed deposits (Note 10)	181,600	145,700
Sinking fund income received/receivable during the financial year	<u>1,134,842</u>	<u>1,134,842</u>
	1,316,442	1,280,542
Less: Utilisation of sinking fund during the financial year	(2,175,870)	(935,329)
Income tax expense (Note 10)	<u>42</u>	<u>(29,504)</u>
	<u>(859,386)</u>	<u>315,709</u>
At end of financial year	<u><u>5,863,880</u></u>	<u><u>6,723,266</u></u>

**7 PAYABLES AND ACCRUALS**

	<b>2023</b>	<b>2022</b>
	<b>RM</b>	<b>RM</b>
Deposits received	3,918,389	3,921,867
Other payables	313,510	359,606
Accruals	<u>1,343,686</u>	<u>1,547,718</u>
	<u><u>5,575,585</u></u>	<u><u>5,829,191</u></u>

Included in other payables is Nil (2022: RM26,920) owing to companies in which certain committee members of the Management Corporation are shareholders and/or directors. Included in other payables are unallocated collection by parcel owners amounting to RM142,007 (2022: RM158,958).

**8 STAFF COSTS**

	<b>2023</b>	<b>2022</b>
	<b>RM</b>	<b>RM</b>
Salaries and bonus	3,869,479	3,433,733
Contribution to defined contribution plan	<u>454,708</u>	<u>406,745</u>
	<u><u>4,324,187</u></u>	<u><u>3,840,478</u></u>

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**9 SURPLUS BEFORE TAX**

**9.1 DISCLOSURE ITEMS**

	<b>2023</b>	<b>2022</b>
	<b>RM</b>	<b>RM</b>
After charging/(crediting):		
Current year		
- Audit fee	14,000	13,000
- Underprovision in prior year	<u>-</u>	<u>2,000</u>

**10 TAX EXPENSE**

	<b>2023</b>	<b>2022</b>
	<b>RM</b>	<b>RM</b>
<b>Malaysia Income Taxation</b>		
Maintenance account - current year	-	46,962
- (over)/under provision of taxation in prior years	(396)	(3,610)
	(396)	43,352
Sinking fund account – current year (Note 6)	-	30,038
- over provision of taxation in prior years	-	(534)
	<u>-</u>	<u>29,504</u>
Total income tax expense	<u>(396)</u>	<u>72,856</u>

Management Corporation income tax is calculated at the statutory scaled tax rate.

As disclosed in Note 2.7 in the notes to financial statements, Principle of mutuality implies that taxable income consists of only those income received from third party or outsiders, other than parcel owners of the property mall.

The explanation of the relationship between tax expenses and (deficit)/surplus from ordinary activities before taxation is as follows:

	<b>2023</b>	<b>2022</b>
	<b>RM</b>	<b>RM</b>
(Deficit)/surplus before taxation	(1,674,554)	410,127
Add: Interest income from fixed deposits (Note 6)	181,600	145,700
	(1,492,954)	555,827
Tax calculated at the Malaysia tax rate of 0% (2022: 24.5%)	-	136,178
Tax effects of:		
- income not subject to tax	-	(3,206,014)
- expenses not deductible for tax purposes	-	3,146,836
- (over)/under provision of taxation in prior years	(396)	(4,144)
Total income tax expense	<u>(396)</u>	<u>72,856</u>

## 11 RELATED PARTY TRANSACTIONS

During the financial year, significant transactions which are determined on a basis as negotiated between the Management Corporation and the related parties are as follows:

	<b>2023</b>	<b>2022</b>
	<b>RM</b>	<b>RM</b>
<u>Companies in which certain Committee Members of the Management Corporation is a shareholder and/or a director</u>		
-Rental of common area and promotion space received/receivable	528,759	535,713
-Rental of mall premises paid/payable	(168,587)	(167,764)
-Rental sharing on Star Xpo paid/payable	(34,350)	(42,420)
-Payroll processing fees paid/payable	(38,400)	(31,200)

## 12 FINANCIAL INSTRUMENTS

### 12.1 CATEGORIES OF FINANCIAL INSTRUMENTS

The table below provide an analysis of financial instruments categorised as follows:

	<b>2023</b>	<b>2022</b>
	<b>RM</b>	<b>RM</b>
<b>Financial assets</b>		
At amortised cost:		
Receivables from owners	486,011	447,553
Other receivables and deposits	1,536,731	1,028,926
Fixed deposits with licenced banks	10,350,000	13,950,000
Cash and bank balances	1,845,251	1,465,344
<b>Financial liabilities</b>		
At amortised cost:		
Account payables	(501,609)	(307,236)
Other payables and accruals	(5,575,585)	(5,829,191)

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**DETAILED INCOME STATEMENT**  
**FOR THE YEAR ENDED 31 DECEMBER 2023**

	<b>2023</b>	<b>2022</b>
	<b>RM</b>	<b>RM</b>
<b>INCOME</b>		
Advertising & promotion charge	1,566,834	1,566,834
Service charge	<u>11,350,809</u>	<u>11,350,809</u>
	<u>12,917,643</u>	<u>12,917,643</u>
<b>ADD: OTHER OPERATING INCOME</b>		
Clamping fee received	2,000	-
FD interest received	239,950	160,325
Forfeited – security deposit	16,000	35,000
Late payment interest received	28,619	38,357
LPG commission	22,069	18,641
Other income	3,498	9,901
Penalty for late opening/ early closure	44,250	55,900
Penalty received - others	50,740	28,450
Rental income - promotion	528,759	535,713
Rental income - Star Xpo	22,900	28,280
TNB postpaid	1,354,857	214,457
TNB prepaid	771,262	1,742,505
Water	<u>34,298</u>	<u>28,189</u>
	<u>3,119,202</u>	<u>2,895,718</u>
	16,036,845	15,813,361
<b>LESS: OPERATING EXPENSES</b>	<u>(17,711,399)</u>	<u>(15,403,234)</u>
<b>(DEFICIT)/SURPLUS BEFORE TAX</b>	<u>(1,674,554)</u>	<u>410,127</u>

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**PERBADANAN PENGURUSAN KOMPLEKS KENANGA WHOLESALE CITY**  
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**OPERATING EXPENSES**  
**FOR THE YEAR ENDED 31 DECEMBER 2023**

	<b>2023</b>	<b>2022</b>
	<b>RM</b>	<b>RM</b>
<b>OPERATING EXPENSES</b>		
A & P charges payables	6,086	6,086
A&P- Billboard	-	26,100
A&P- Others	680	1,610
Creative agency	153,392	147,390
Events & activities	104,201	102,017
Media buys	454,128	472,127
Online advertising	295,062	298,454
Printing, production & distribution	53,556	25,294
Promotion & redemption	139,271	55,889
Public relation & sponsorship	36,040	50,861
Tour guide incentive	66,308	41,696
VM cost	228,884	220,770
	<u>1,537,608</u>	<u>1,448,294</u>
<b>UPKEEP OF PREMISES</b>		
Direct labour	120,271	72,298
Laundry charges	2,660	733
Maintenance - air conditional	381,973	381,449
Maintenance - building	303,406	465,660
Maintenance - CMS	3,648	2,798
Maintenance - electricity work	223,095	206,365
Maintenance - equipment	14,950	13,800
Maintenance - fire fighting equipment	27,422	68,380
Maintenance - grease traps	85,300	100,178
Maintenance - landscaping	45,629	46,492
Maintenance - lift & escalator	856,511	833,688
Maintenance - plumbing works	95,951	282,443
Maintenance - sewerage	163,962	111,120
Maintenance - toilet rolls & soap	142,071	93,966
Operation expenses -Others	3,683	4,050
Operation expense – Mask, hand sanitizer & others	75	4,475
Rental commitment - LG & L15	100,641	99,817
Rental commitment - surau & security room	60,000	60,000
Rental commitment -G-40.2 (CS Counter)	7,946	7,946
Rental of office equipment	5,880	4,820
Service charges payable	57,569	57,569
Services- CCTV maintenance	54,960	48,121
Services- cleaning	1,653,985	1,290,091
Services- electrical supervisory engineering	19,843	19,750
Services- energy manager	15,348	14,559
Services- pest control	20,088	26,388

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**OPERATING EXPENSES**  
**FOR THE YEAR ENDED 31 DECEMBER 2023**

	<b>2023</b>	<b>2022</b>
	<b>RM</b>	<b>RM</b>
Services- refuse collection	142,560	161,020
Services- sanitary	22,414	21,975
Signages & accessories	9,382	33,138
Traffic allowance	4,300	4,300
	<u>4,645,523</u>	<u>4,537,389</u>
<b>UTILITIES</b>		
Electricity	6,438,505	4,968,091
Water	354,873	282,014
	<u>6,793,378</u>	<u>5,250,105</u>
<b>ADMINISTRATIVE CHARGES</b>		
Assessment & quit rent	8,286	8,286
Bank charges	770	777
Contribution	12,398	15,663
Expo hall expenses - L15	30,125	17,826
Filing & Attestation Fees	340	1,140
Fuel & mileage claim	1,187	188
Insurance	17,114	16,999
Levy HRDC	(1,171)	21,785
License fee	50,109	45,039
Magazine & periodicals	-	124
MC related expenses	10,250	9,652
Membership fee	4,000	4,000
Motor vehicle expenses	201	429
Office admin expenses	4,321	8,479
Office Equipment Repair & Maintenance	1,707	10,850
Parking and toll	87	42
Payroll supervision fee	38,400	31,200
Postage & courier	10,596	9,904
Printing and stationery	24,212	25,802
Processing fee	4,440	4,420
Professional Fees – Legal fees	1,007	-
Professional Fees - Audit	14,000	13,000
Professional Fees - Audit (prior year)	780	2,780
Professional Fees - Others	580	583
Professional Fees - Tax Services	4,440	4,040
Property Management Consultation Fees	3,000	4,000
Software maintenance fee	17,151	17,111
SST adjustment account	(1)	(1)
Staff recruitment	6,156	3,242

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**OPERATING EXPENSES**  
**FOR THE YEAR ENDED 31 DECEMBER 2023**

	<b>2023</b>	<b>2022</b>
	<b>RM</b>	<b>RM</b>
Staff refreshment	16,126	5,446
Staff uniform	4,924	5,115
Staff welfare	1,086	7,978
Stamping fees	150	110
Telephone and fax	14,632	12,898
Training & Seminar	109,300	18,061
	<u>410,703</u>	<u>326,968</u>
<b>STAFF COSTS</b>		
A&P- EPF & SOCSO & EIS	43,996	40,893
A&P- others	2,481	3,085
A&P- salaries, bonus & allowance	311,446	289,232
Admin- EPF & SOCSO & EIS	106,520	95,217
Admin- other	60,493	53,784
Admin- salaries, bonus & allowance	829,393	742,041
Operation- EPF & SOCSO & EIS	152,098	136,250
Operation- others	3,875	6,659
Operation- salaries, bonus & allowances	1,188,163	1,077,140
Security- EPF & SOCSO & EIS	152,094	134,385
Security- others	8,453	7,055
Security- salaries, bonus & allowances	1,465,175	1,254,737
	<u>4,324,187</u>	<u>3,840,478</u>
	<u>17,711,399</u>	<u>15,403,234</u>

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