

**FULL GOSPEL BUSINESS MEN'S
FELLOWSHIP BERHAD**

(Incorporated in Malaysia)

Company No: 150803 - A

FINANCIAL REPORT
for the financial year ended 31 December 2016

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FULL GOSPEL BUSINESS MEN'S FELLOWSHIP BERHAD

(Incorporated in Malaysia)

Company No: 150803 - A

DIRECTORS' REPORT

The directors hereby submit their report and the audited financial statements of the Company for the financial year ended 31 December 2016.

ESTABLISHMENT AND PRINCIPAL ACTIVITY

The Company is established as a religious organisation for the advancement of Christianity.

RESULTS

RM

Deficit of expenditure over income for the financial year

21,248

RESERVES AND PROVISIONS

There were no material transfer to or from reserves or provisions during the financial year.

BAD AND DOUBTFUL DEBTS

Before the financial statements of the Company were made out, the directors took reasonable steps to ascertain that action had been taken in relation to the writing off of bad debts and the making of allowance for impairment losses on receivables, and satisfied themselves that there are no known bad debts and that no allowance for impairment losses on receivables is required.

At the date of this report, the directors are not aware of any circumstances that would require the writing off of bad debts, or the allowance for impairment losses on receivables in the financial statements of the Company.

CURRENT ASSETS

Before the financial statements of the Company were made out, the directors took reasonable steps to ascertain that any current assets other than debts, which were unlikely to be realised in the ordinary course of business, including their value as shown in the accounting records of the Company, have been written down to an amount which they might be expected so to realise.

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

VALUATION METHODS

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

FULL GOSPEL BUSINESS MEN'S FELLOWSHIP BERHAD

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DIRECTORS' REPORT

CONTINGENT AND OTHER LIABILITIES

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

- (i) any charge on the assets of the Company that has arisen since the end of the financial year which secures the liabilities of any other person; or
- (ii) any contingent liability of the Company which has arisen since the end of the financial year.

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

CHANGE OF CIRCUMSTANCES

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

ITEMS OF AN UNUSUAL NATURE

The results of the operations of the Company during the financial year were not, in the opinion of the directors, substantially affected by any item, transaction or event of a material and unusual nature.

There has not arisen in the interval between the end of the financial year and the date of this report any item, transaction or event of a material and unusual nature likely, in the opinion of the directors, to affect substantially the results of the operations of the Company for the financial year.

DIRECTORS

The directors who served since the date of the last report are as follows:-

Wong Hong Meng
Fong Hoong Heng
Ling In Kin

DIRECTORS' BENEFITS

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

SIGNIFICANT EVENTS OCCURRING AFTER THE REPORTING PERIOD

The significant events occurring after the reporting period are disclosed in Note 17 to the financial statements.

FULL GOSPEL BUSINESS MEN'S FELLOWSHIP BERHAD

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DIRECTORS' REPORT

AUDITORS

The auditors, Messrs Crowe Horwath, have expressed their willingness to continue in office.

Signed in accordance with a resolution of the directors dated **27 JUN 2017**



Wong Hong Meng



Fong Hoong Heng

FULL GOSPEL BUSINESS MEN'S FELLOWSHIP BERHAD

(Incorporated in Malaysia)
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**STATEMENT BY DIRECTORS
PURSUANT TO SECTION 169(15) OF THE COMPANIES ACT 1965**

We, Wong Hong Meng and Fong Hoong Heng, being two of the directors of Full Gospel Business Men's Fellowship Berhad, state that, in the opinion of the directors, the financial statements set out on pages 9 to 29 are drawn up in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 1965 in Malaysia so as to give a true and fair view of the financial position of the Company as of 31 December 2016 and of their financial performance and cash flows for the financial year ended on that date.

Signed in accordance with a resolution of the directors dated **27 JUN 2017**



Wong Hong Meng



Fong Hoong Heng

**STATUTORY DECLARATION
PURSUANT TO SECTION 169(16) OF THE COMPANIES ACT 1965**

I, Wong Hong Meng, I/C No. 461008-07-5421, being the director primarily responsible for the financial management of Full Gospel Business Men's Fellowship Berhad, do solemnly and sincerely declare that the financial statements set out on pages 9 to 29 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 Declarations Act, 1960.

Subscribed and solemnly declared by
Wong Hong Meng, I/C No. 461008-07-5421,
at Kuala Lumpur in the Federal Territory
on this **27 JUN 2017**



Wong Hong Meng

Before me



B-3A-4, Megan Avenue 2,
12, Jalan Yap Kwan Seng,
50450 Kuala Lumpur.

**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF
FULL GOSPEL BUSINESS MEN'S FELLOWSHIP BERHAD**

(Incorporated in Malaysia)

Company No: 150803 - A

REPORT ON THE AUDIT OF FINANCIAL STATEMENTS**Opinion**

We have audited the financial statements of Full Gospel Business Men's Fellowship Berhad, which comprise the statement of financial position as at 31 December 2016 and the statement of income and expenditure and statements of cash flows of the Company for the financial year then ended, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages 9 to 29.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Company as at 31 December 2016, and of their financial performance and their cash flows for the financial year then ended in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 1965 in Malaysia.

Basis for Opinion

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

Independence and Other Ethical Responsibilities

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

Information Other than the Financial Statements and Auditors' Report Thereon

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

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

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

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

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF FULL GOSPEL BUSINESS MEN'S FELLOWSHIP BERHAD (CONT'D)

(Incorporated in Malaysia)

Company No: 150803 - A

Responsibilities of the Directors for the Financial Statements

The directors of the Company are responsible for the preparation of financial statements of the Company that give a true and fair view in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 1965 in Malaysia. The directors are also responsible for such internal control as the directors determine is necessary to enable the preparation of financial statements of the Company that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements of the Company, the directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

Auditors' Responsibilities for the Audit of the Financial Statements

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

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

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

**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF
FULL GOSPEL BUSINESS MEN'S FELLOWSHIP BERHAD (CONT'D)**

(Incorporated in Malaysia)
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Auditors' Responsibilities for the Audit of the Financial Statements (Cont'd)

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:- (Cont'd)

- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements of the Company or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements of the Company, including the disclosures, and whether the financial statements of the Company represent the underlying transactions and events in a manner that achieves fair presentation.

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

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

In accordance with the requirements of the Companies Act 1965 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 the Company have been properly kept in accordance with the provisions of the Act.

**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF
FULL GOSPEL BUSINESS MEN'S FELLOWSHIP BERHAD (CONT'D)**

(Incorporated in Malaysia)

Company No: 150803 - A

OTHER MATTERS

This report is made solely to the members of the Company, as a body, in accordance with Section 174 of the Companies Act 1965 in Malaysia and for no other purpose. We do not assume responsibility to any other person for the content of this report.



Crowe Horwath
Firm No: AF1018
Chartered Accountants

27 JUN 2017

Kuala Lumpur



Chan Kuan Chee
Approval No: 2271/10/17 (J)
Chartered Accountant

FULL GOSPEL BUSINESS MEN'S FELLOWSHIP BERHAD

(Incorporated in Malaysia)

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STATEMENT OF FINANCIAL POSITION AT 31 DECEMBER 2016

	Note	2016 RM	2015 RM
ASSETS			
NON-CURRENT ASSETS			
Property and equipment	5	395,927	407,269
Unquoted investment	6	1	1
		<u>395,928</u>	<u>407,270</u>
CURRENT ASSETS			
Inventories	7	5,339	7,216
Deposits		5,335	5,335
Fixed deposits with a licensed bank	8	200,000	200,000
Cash and bank balances		378,762	292,948
		<u>589,436</u>	<u>505,499</u>
TOTAL ASSETS		<u>985,364</u>	<u>912,769</u>
ACCUMULATED FUNDS AND LIABILITY			
ACCUMULATED FUNDS			
Surplus of income over expenditure		134,047	155,295
Building fund	9	584,210	584,210
TOTAL ACCUMULATED FUNDS	10	<u>718,257</u>	<u>739,505</u>
CURRENT LIABILITY			
Other payables and accruals		267,107	173,264
TOTAL ACCUMULATED FUNDS AND LIABILITY		<u>985,364</u>	<u>912,769</u>

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STATEMENT OF INCOME AND EXPENDITURE FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

	Note	2016 RM	2015 RM
REVENUE	11	329,396	326,165
COST OF SALES		(1,877)	(939)
GROSS PROFIT		327,519	325,226
ADMINISTRATIVE EXPENSES		(332,447)	(334,623)
OTHER EXPENSES		(16,320)	(13,834)
DEFICIT OF EXPENDITURE OVER INCOME	12	(21,248)	(23,231)
ACCUMULATED FUNDS BROUGHT FORWARD		155,295	178,526
ACCUMULATED FUNDS CARRIED FORWARD		134,047	155,295

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STATEMENT OF CASH FLOWS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

	Note	2016 RM	2015 RM
CASH FLOWS FROM/(FOR) OPERATING ACTIVITIES			
Deficit of expenditure over income		(21,248)	(23,231)
Adjustments for:-			
Depreciation of property and equipment		16,320	13,834
Interest income		(6,168)	(6,300)
Operating loss before working capital changes		(11,096)	(15,697)
Decrease in inventories		1,877	939
Increase/(Decrease) in other payables and accruals		93,843	(30,666)
NET CASH FROM/(FOR) OPERATING ACTIVITIES		84,624	(45,424)
CASH FLOWS FROM/(FOR) INVESTING ACTIVITIES			
Interest received		6,168	6,300
Purchase of property and equipment		(4,978)	(7,998)
NET CASH FROM/(FOR) INVESTING ACTIVITIES		1,190	(1,698)
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS		85,814	(47,122)
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE FINANCIAL YEAR		492,948	540,070
CASH AND CASH EQUIVALENTS AT END OF THE FINANCIAL YEAR	13	578,762	492,948

FULL GOSPEL BUSINESS MEN'S FELLOWSHIP BERHAD

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NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

1. GENERAL INFORMATION

The Company is incorporated as a public company limited by guarantee under the Malaysian Companies Act 1965. The domicile of the Company is Malaysia. The registered office and principal place of business are as follows:-

Registered office : 127B, Jalan SS21/37,
Damansara Utama,
47400 Petaling Jaya,
Selangor Darul Ehsan.

Principal place of business : 3A-12, Block A, Kelana Square,
No. 17, Jalan SS7/26,
47301 Petaling Jaya,
Selangor Darul Ehsan.

The financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the directors dated 27 June 2017.

2. ESTABLISHMENT AND PRINCIPAL ACTIVITY

The Company is established as a religious organisation for the advancement of Christianity.

3. BASIS OF PREPARATION

The financial statements of the Company are prepared under the historical cost convention and modified to include other bases of valuation as disclosed in other sections under significant accounting policies, and in compliance with Malaysian Financial Reporting Standards ("MFRSs"), International Financial Reporting Standards and the requirements of the Companies Act 1965 in Malaysia.

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NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

3. BASIC OF PREPARATION (CONT'D)

- 3.1 During the current financial year, the Company has adopted the following new accounting standards and/or interpretations (including the consequential amendments, if any):-

MFRSs and/or IC Interpretations (Including The Consequential Amendments)

MFRS 14 Regulatory Deferral Accounts

Amendments to MFRS 10, MFRS 12 and MFRS 128: Investment Entities - Applying the Consolidation Exception

Amendments to MFRS 11: Accounting for Acquisitions of Interests in Joint Operations

Amendments to MFRS 101: Disclosure Initiative

Amendments to MFRS 116 and MFRS 138: Clarification of Acceptable Methods of Depreciation and Amortisation

Amendments to MFRS 116 and MFRS 141: Agriculture - Bearer Plants

Amendments to MFRS 127: Equity Method in Separate Financial Statements

Annual Improvements to MFRSs 2012 - 2014 Cycle

The adoption of the above accounting standards and/or interpretations (including the consequential amendments, if any) did not have any material impact on the Company's financial statements.

- 3.2 The Company has not applied in advance the following accounting standards and/or interpretations (including the consequential amendments, if any) that have been issued by the Malaysian Accounting Standards Board (MASB) but are not yet effective for the current financial year:-

MFRSs and/or IC Interpretations (Including The Consequential Amendments) Effective Date

MFRS 9 Financial Instruments (IFRS 9 issued by IASB in July 2014) 1 January 2018

MFRS 15 Revenue from Contracts with Customers 1 January 2018

MFRS 16 Leases 1 January 2019

IC Interpretation 22 Foreign Currency Transactions and Advance Consideration 1 January 2018

Amendments to MFRS 2: Classification and Measurement of Share-based Payment Transactions 1 January 2018

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NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

3. BASIC OF PREPARATION (CONT'D)

- 3.2 The Company has not applied in advance the following accounting standards and/or interpretations (including the consequential amendments, if any) that have been issued by the Malaysian Accounting Standards Board (MASB) but are not yet effective for the current financial year: - (Cont'd)

MFRSs and/or IC Interpretations (Including The Consequential Amendments)	Effective Date
Amendments to MFRS 10 and MFRS 128: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	Deferred until further notice
Amendments to MFRS 15: Effective Date of MFRS 15	1 January 2018
Amendments to MFRS 15: Clarifications to MFRS 15 'Revenue from Contracts with Customers'	1 January 2018
Amendments to MFRS 107: Disclosure Initiative	1 January 2017
Amendments to MFRS 112: Recognition of Deferred Tax Assets for Unrealised Losses	1 January 2017
Amendments to MFRS 140 - Transfers of Investment Property	1 January 2018
Annual Improvements to MFRS Standards 2014 - 2016 Cycles:	
• Amendments to MFRS 12: Clarification of the Scope of Standard	1 January 2017
Annual Improvements to MFRS Standards 2014 - 2016 Cycles:	
• Amendments to MFRS 1: Deletion of Short-term Exemptions for First-time Adopters	
• Amendments to MFRS 128: Measuring an Associate or Joint Venture at Fair Value	1 January 2018

The adoption of the above accounting standards and/or interpretations (including the consequential amendments, if any) is expected to have no material impact on the financial statements of the Company upon its initial application except as follows:-

- (i) MFRS 15: Revenue from Contracts with Customers

MFRS 15 establishes a single comprehensive model for revenue recognition and will supersede the current revenue recognition guidance and other related interpretations when it becomes effective. Under MFRS 15, an entity shall recognise revenue when (or as) a performance obligation is satisfied, i.e. when 'control' of the distinct promised goods or services underlying the particular performance obligation is transferred to the customers. The amendments to MFRS 15 further clarify the concept of 'distinct' for the purposes of this accounting standard. In addition, extensive disclosures are also required by MFRS 15. The Company anticipates that the application of MFRS 15 in the future may have an impact on the amounts reported and disclosures made in the financial statements. However, it is not practicable to provide a reasonable estimate of the financial impacts of MFRS 15 until the Company performs a detailed review.

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NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

4. SIGNIFICANT ACCOUNTING POLICIES

4.1 CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS

Estimates and judgements are continually evaluated by the directors and management and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The estimates and judgements that affect the application of the Company's accounting policies and disclosures, and have a significant risk of causing a material adjustment to the carrying amounts of assets, liabilities, income and expenses are discussed below:-

(a) Depreciation of Property and Equipment

The estimates for the residual values, useful lives and related depreciation charges for the plant and equipment are based on commercial factors which could change significantly as a result of technical innovations and competitors' actions in response to the market conditions.

The Company anticipates that the residual values of its plant and equipment will be insignificant. As a result, residual values are not being taken into consideration for the computation of the depreciable amount.

Changes in the expected level of usage and technological development could impact the economic useful lives and the residual values of these assets, therefore future depreciation charges could be revised.

(b) Impairment of Non-Financial Assets

When the recoverable amount of an asset is determined based on the estimate of the value in use of the cash-generating unit to which the asset is allocated, the management is required to make an estimate of the expected future cash flows from the cash-generating unit and also to apply a suitable discount rate in order to determine the present value of those cash flows.

(c) Fair Value Estimates for Certain Financial Assets and Liabilities

The Company carries certain financial assets and financial liabilities at fair value, which requires extensive use of accounting estimates and judgement. While significant components of fair value measurement were determined using verifiable objective evidence, the amount of changes in fair value would differ if the Company uses different valuation methodologies. Any changes in fair value of these assets and liabilities would affect profit and/or equity.

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NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.2 FUNCTIONAL AND PRESENTATION CURRENCY

The financial currency of the Company is the currency of the primary economic environment in which the Company operates, which is the functional currency.

The financial statements of the Company are presented in Ringgit Malaysia ("RM") which is the functional and presentation currency.

4.3 PROPERTY AND EQUIPMENT

All items of property and equipment are initially measured at cost. Cost includes expenditure that are directly attributable to the acquisition of the asset and other costs directly attributable to bringing the asset to working condition for its intended use.

Subsequent to initial recognition, all property and equipment are stated at cost less accumulated depreciation and impairment losses, if any.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when the cost is incurred and it is probable that the future economic benefits associated with the asset will flow to the Company and the cost of the asset can be measured reliably. The carrying amount of parts that are replaced is derecognised. The costs of the day-to-day servicing of plant and equipment are recognised in profit or loss as incurred.

Depreciation on property and equipment is charged to profit or loss (unless it is included in the carrying amount of another asset) on the straight-line method to write off the depreciable amount of the assets over their estimated useful lives. Depreciation of an asset does not cease when the asset becomes idle or is retired from active use unless the asset is fully depreciated. The principal annual rates used for this purpose are:-

Building	2%
Office equipment	50%
Computer and software	50%
Renovation	50%
Furniture and fittings	50%

The depreciation method, useful lives and residual values are reviewed, and adjusted if appropriate, at the end of each reporting period to ensure that the amounts, method and periods of depreciation are consistent with previous estimates and the expected pattern of consumption of the future economic benefits embodied in the items of the property and equipment. Any changes are accounted for as a change in estimate.

When significant parts of an item of property and equipment have different useful lives, they are accounted for as separate items (major components) of property and equipment.

An item of property and equipment is derecognised upon disposal or when no future economic benefits are expected from its use. Any gain or loss arising from derecognition of the asset, being the difference between the net disposal proceeds and the carrying amount, is recognised in profit or loss.

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NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.4 IMPAIRMENT

(a) Impairment of Financial Assets

All financial assets (other than those categorised at fair value through profit or loss), are assessed at the end of each reporting period whether there is any objective evidence of impairment as a result of one or more events having an impact on the estimated future cash flows of the asset. For an equity instrument, a significant or prolonged decline in the fair value below its cost is considered to be objective evidence of impairment.

An impairment loss in respect of loans and receivables financial assets is recognised in profit or loss and is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the financial asset's original effective interest rate.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed through profit or loss to the extent that the carrying amount of the financial assets at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.

(b) Impairment of Non-financial Assets

The carrying values of assets, other than those to which MFRS 136 - Impairment of Assets does not apply, are reviewed at the end of each reporting period for impairment when there is an indication that the assets might be impaired. Impairment is measured by comparing the carrying values of the assets with their recoverable amounts. The recoverable amount of the assets is the higher of the assets' fair value less costs to sell and their value-in-use which is measured by reference to discounted future cash flow.

An impairment loss is recognised in profit or loss immediately unless the asset is carried at its revalued amount. Any impairment loss of a revalued asset is treated as a revaluation decrease to the extent of a previously recognised revaluation surplus for the same asset. Any impairment loss recognised in respect of a cash-generating unit is allocated first to reduce the carrying amount of any goodwill allocated to the cash-generating unit and then to reduce the carrying amounts of the other assets in the cash-generating unit on a pro rata basis.

In respect of assets other than goodwill, and when there is a change in the estimates used to determine the recoverable amount, a subsequent increase in the recoverable amount of an asset is treated as a reversal of the previous impairment loss and is recognised to the extent of the carrying amount of the asset that would have been determined (net of amortisation and depreciation) had no impairment loss been recognised. The reversal is recognised in profit or loss immediately, unless the asset is carried at its revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

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NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.5 UNQUOTED INVESTMENT

The unquoted investment is held on a long-term basis and is stated at cost in the statement of financial position of the Company, and is reviewed for impairment at the end of the reporting period if events or changes in circumstances indicate that the carrying values may not be recoverable.

On the disposal of the unquoted investment, the difference between the net disposal proceeds and the carrying amount of the investment is recognised in the statement of income and expenditure.

4.6 INVENTORIES

Inventories are stated at the lower of cost and net realisable value. Cost is determined on the first-in-first-out basis, and comprises the purchase price and incidentals incurred in bringing the inventories to their present location and condition.

Net realisable value represents the estimated selling price less the estimated costs of completion and the estimated costs necessary to make the sale.

4.7 FINANCIAL INSTRUMENTS

Financial instruments are recognised in the statements of financial position when the Company has become a party to the contractual provisions of the instruments.

Financial instruments are classified as financial assets, financial liabilities or equity instruments in accordance with the substance of the contractual arrangement and their definition in MFRS 132. Interest, dividends, gains and losses relating to a financial instrument classified as a liability, are reported as an expense or income. Distributions to holders of financial instruments classified as equity are charged directly to equity.

Financial instruments are offset when the Company has a legally enforceable right to offset and intends to settle either on a net basis or to realise the asset and settle the liability simultaneously.

A financial instrument is recognised initially at its fair value. Transaction costs that are directly attributable to the acquisition or issue of the financial instrument (other than a financial instrument at fair value through profit or loss) are added to/deducted from the fair value on initial recognition, as appropriate. Transaction cost on the financial instrument at fair value through profit or loss are recognised immediately in profit or loss.

Financial instruments recognised in the statement of financial position are disclosed in the individual policy statement associated with each item.

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4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.7 FINANCIAL INSTRUMENTS (CONT'D)

(a) Financial Assets (Cont'd)

On initial recognition, financial assets are classified as either financial assets at fair value through the statement of income and expenditure, loans and receivables, held-to-maturity investments, or available-for-sale financial assets, as appropriate.

(i) Financial Assets at Fair Value Through The Statement of Income and Expenditure

As at the end of the reporting period, there were no financial assets classified under this category.

(ii) Held to maturity investments

As at the end of the reporting period, there were no financial assets classified under this category.

(iii) Available-for-sale Financial Assets

As at the end of the reporting period, there were no financial assets classified under this category.

(iv) Loans and Receivables Financial Assets

Member's contributions and other receivables that have fixed or determinable payments that are not quoted in an active market are classified as loans and receivables financial assets. Loans and receivables financial assets are measured at amortised cost using the effective interest method, less any impairment loss. Interest income is recognised by applying the effective interest rate, except for short-term receivables when the recognition of interest would be immaterial.

The effective interest method is a method of calculating the amortised cost of a financial asset and of allocating interest income over the relevant period. The effective interest rate is the rate that discounts estimated future cash receipts (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial asset, or (where appropriate) a shorter period, to the net carrying amount on initial recognition.

Loan and receivables financial assets are classified as current assets, except for those having settlement dates later than 12 months after the reporting date which are classified as non-current assets.

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4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.7 FINANCIAL INSTRUMENTS (CONT'D)

(b) Financial Liabilities

- (i) Financial Liabilities at Fair Value through The Statement of Income and Expenditure

Fair value through the statement of income and expenditure category comprises financial liabilities that are either held for trading or are designated to eliminate or significantly reduce a measurement or recognition inconsistency that would otherwise arise. Derivatives are also classified as held for trading unless they are designated as hedges.

- (ii) Other Financial Liabilities

Other financial liabilities are initially measured at fair value plus directly attributable transaction costs and subsequently measured at amortised cost using the effective interest method.

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability, or, where appropriate, a shorter period.

Financial liabilities are classified as current liabilities unless the Company has an unconditional right to defer settlement of the liability for at least 12 months after the reporting date.

(c) Equity Instruments

Equity instruments classified as equity are measured initially at cost and are not remeasured subsequently

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new ordinary shares or options are shown in equity as a deduction, net of tax, from proceeds.

Dividends on ordinary shares are recognised as liabilities when approved for appropriation.

4.8 CASH AND CASH EQUIVALENTS

Cash and cash equivalents comprise cash in hand, bank balances, demand deposits, and short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value with original maturity periods of three months or less.

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4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.9 EMPLOYEE BENEFITS

(a) Short-term Benefits

Wages, salaries, paid annual leave and sick leave, bonuses and non-monetary benefits are measured on an undiscounted basis and are recognised in statement of income and expenditure in the period in which the associated services are rendered by employees of the Company.

(b) Defined Contribution Plans

The Company's contributions to defined contribution plans are recognized in the statement of income and expenditure in the period to which they relate. Once the contributions have been paid, the Company has no further liability in respect of the defined contribution plans.

4.10 REVENUE RECOGNITION

(a) Donations, Membership Fees

Donations, and membership fees are accounted for on a receipt basis.

(b) Interest Income

Interest income is recognised on an accrual basis, using the effective interest method.

(c) Sale of Goods

Revenue is measured at fair value of the consideration received or receivable and is recognised upon delivery of goods and customers' acceptance and where applicable, net of returns and trade discounts.

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4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.11 FAIR VALUE MEASUREMENTS

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using a valuation technique. The measurement assumes that the transaction takes place either in the principal market or in the absence of a principal market, in the most advantageous market. For non-financial asset, the fair value measurement takes into account a market's participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

For financial reporting purposes, the fair value measurements are analysed into level 1 to level 3 as follows:-

- Level 1: Inputs are quoted prices (unadjusted) in active markets for identical assets or liability that the entity can access at the measurement date;
- Level 2: Inputs are inputs, other than quoted prices included within level 1, that are observable for the asset or liability, either directly or indirectly; and
- Level 3: Inputs are unobservable inputs for the asset or liability.

The transfer of fair value between levels is determined as of the date of the event or change in circumstances that caused the transfer.

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5. PROPERTY AND EQUIPMENT

	At 1.1.2016 RM	Addition RM	Depreciation Charge RM	At 31.12.2016 RM
Net Book Value				
Building	403,252	-	(9,835)	393,417
Office equipment	1,958	-	(1,949)	9
Computer and software	2,055	4,978	(4,536)	2,497
Renovation	1	-	-	1
Furniture and fittings	3	-	-	3
	<u>407,269</u>	<u>4,978</u>	<u>(16,320)</u>	<u>395,927</u>

	At 1.1.2015 RM	Additions RM	Depreciation Charge RM	At 31.12.2015 RM
Net Book Value				
Building	413,087	-	(9,835)	403,252
Office equipment	8	3,900	(1,950)	1,958
Computer and software	6	4,098	(2,049)	2,055
Renovation	1	-	-	1
Furniture and fittings	3	-	-	3
	<u>413,105</u>	<u>7,998</u>	<u>(13,834)</u>	<u>407,269</u>

	At Cost RM	Accumulated Depreciation RM	Net Book Value RM
At 31.12.2016			
Building	491,770	(98,353)	393,417
Office equipment	55,705	(55,696)	9
Computer and software	23,160	(20,663)	2,497
Renovation	79,011	(79,010)	1
Furniture and fittings	30,186	(30,183)	3
	<u>679,832</u>	<u>(283,905)</u>	<u>395,927</u>

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5. PROPERTY AND EQUIPMENT (CONT'D)

	At Cost RM	Accumulated Depreciation RM	Net Book Value RM
At 31.12.2015			
Building	491,770	(88,518)	403,252
Office equipment	55,705	(53,747)	1,958
Computer and software	18,182	(16,127)	2,055
Renovation	79,011	(79,010)	1
Furniture and fittings	30,186	(30,183)	3
	<u>674,854</u>	<u>(267,585)</u>	<u>407,269</u>

6. UNQUOTED INVESTMENT

	2016 RM	2015 RM
Unquoted shares, at cost	50,000	50,000
Accumulated impairment loss	(49,999)	(49,999)
	<u>1</u>	<u>1</u>

7. INVENTORIES

	2016 RM	2015 RM
Finished goods for resale, at cost	<u>5,339</u>	<u>7,216</u>

None of the inventories is carried at net realisable value.

8. FIXED DEPOSITS WITH A LICENSED BANK

The fixed deposits are subject to a weighted average effective interest rate of 3.08% (2015 - 3.15%) per annum at the end of the reporting period. The fixed deposits have a maturity period of 1 month (2015 - 1 month).

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9. BUILDING FUND

The building fund represents contributions collected from members of the Fellowship to finance the purchase of an office unit for the National Office. The building fund is not distributable the members of the Company in any form.

10. TOTAL ACCUMULATED FUNDS

The accumulated funds are prohibited from distribution in any form by the Memorandum and Articles of the Company.

11. REVENUE

Revenue represents donations, offerings, membership fees, fixed deposit interest received and sale of goods.

12. DEFICIT OF EXPENDITURE OVER INCOME

Deficit of expenditure over income is arrived at after charging/(crediting):-

	2016 RM	2015 RM
Audit fee	4,500	1,500
Depreciation of property and equipment	16,320	13,834
Employee benefit expenses:		
- salaries, allowances and bonus	112,700	108,500
- defined contribution plan	14,126	14,126
- other benefits	1,785	1,240
Interest Income	(6,168)	(6,300)

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13. CASH AND CASH EQUIVALENTS

For the purpose of the statement of cash flows, cash and cash equivalents comprise the following:-

	2016 RM	2015 RM
Fixed deposits with a licensed bank	200,000	200,000
Cash and bank balances	378,762	292,948
	<u>578,762</u>	<u>492,948</u>

14. SHARE CAPITAL

The Company was incorporated as a public company limited by guarantee without a share capital. In the event of the Company being wound up, each member of the Company undertakes to contribute a maximum of RM100 to the assets of the Company.

15. INCOME TAX EXPENSE

The Company is exempted from tax on its income under Paragraph 13 of Schedule 6 of the Income Tax Act 1967.

16. FINANCIAL INSTRUMENTS

The Company's activities are exposed to a variety of market risk (including foreign currency risk, interest rate risk and equity price risk), credit risk and liquidity risk. The Company's overall financial risk management policy focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Company's financial performance.

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16. FINANCIAL INSTRUMENTS (CONT'D)

16.1 FINANCIAL RISK MANAGEMENT POLICIES

The Company's policies in respect of the major areas of treasury activity are as follows:-

(a) Market Risk

(i) Foreign Currency Risk

The Company does not have any transactions or balances denominated in foreign currencies and hence are not exposed to foreign currency risk.

(ii) Interest Rate Risk

The Company does not have any interest-bearing borrowings and hence is not exposed to interest rate risk.

(iii) Equity Price Risk

The Company does not have any quoted investments and hence is not exposed to equity price risk.

(b) Credit Risk

The Company does not have any major concentration of credit risk related to any individual customer or counterparty.

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16. FINANCIAL INSTRUMENTS (CONT'D)

16.1 FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)

(c) Liquidity Risk

Liquidity risk arises mainly from general funding and business activities. The Company practises prudent risk management by maintaining sufficient cash balances to meet its working capital requirements.

The following table sets out the maturity profile of the financial liabilities as at the end of the reporting period based on contractual undiscounted cash flows (including interest payment computed based on the rate at the end of the reporting period):-

	Contractual Average Effective Rate %	Carrying Amount RM	Contractual Undiscounted Cash Flows RM	Within 1 Year RM
2016				
Other payables and accruals	-	267,107	267,107	267,107
2015				
Other payables and accruals	-	173,264	173,264	173,264

16.2 CAPITAL RISK MANAGEMENT

The Company manages its capital by maintaining an optimal capital structure so as to support its businesses. To achieve this objective, the Company may make adjustments to the capital structure in view of changes in economic conditions, such as adjusting returning of capital to members.

The Company manages its capital based on debt-to-equity ratio. As the Company has no borrowings, the debt-to-equity ratio may not provide a meaningful indicator of the risk of borrowings.

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16. FINANCIAL INSTRUMENTS (CONT'D)

16.3 CLASSIFICATION OF FINANCIAL INSTRUMENTS

	2016 RM	2015 RM
Financial Assets		
<u>Available-for-sale</u>		
Unquoted investment	1	1
	<hr/>	<hr/>
<u>Loans and Receivables Financial Assets</u>		
Deposits	5,335	5,335
Fixed deposits with licensed financial institutions	200,000	200,000
Cash and bank balances	378,762	292,948
	<hr/>	<hr/>
	584,097	498,283
	<hr/>	<hr/>
Financial Liability		
<u>Other Financial Liability</u>		
Other payables and accruals	267,107	173,264
	<hr/>	<hr/>

16.4 FAIR VALUE INFORMATION

At the end of the reporting period, there were no financial instruments carried at fair values in the statements of financial position.

The fair values of the financial assets and financial liabilities of the Company that maturing within the next 12 months approximated their carrying amounts due to the relatively short-term maturity of the financial instruments.

17. SIGNIFICANT EVENT OCCURRING AFTER THE REPORTING PERIOD

The Companies Act 2016 came into effect on 31 January 2017 (except for Section 241 and Division 8 of Part III of the said Act) and replaces the existing Companies Act 1965.

Amongst the key changes introduced under the Companies Act 2016 that will affect the financial statements of the Company upon its initial adoption are:-

- (i) Removal of the authorised share capital;
- (ii) Ordinary shares will cease to have par value; and
- (iii) Share premium account will become part of the share capital.

The adoption of the Companies Act 2016 is to be applied prospectively. Therefore, the changes in the accounting policies and the possible impacts on the financial statements upon its initial adoption will be disclosed in the financial statements of the Company for the financial year ending 31 December 2017.