

Registration No.: PPM-004-10-11061987

**INSTITUTE OF MATERIALS, MALAYSIA**  
(Registered under Societies Act, 1966)

**COUNCIL MEMBERS' STATEMENTS AND  
AUDITED FINANCIAL STATEMENTS  
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020**

**AZHAN & CO.**  
(AF 2083)  
Chartered Accountants

Registration No.: PPM-004-10-11061987

**INSTITUTE OF MATERIALS, MALAYSIA**  
(Registered under Societies Act, 1966)

**FINANCIAL STATEMENTS**  
**FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020**

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**INSTITUTE OF MATERIALS, MALAYSIA**  
(Registered under Societies Act, 1966)

**CORPORATE INFORMATION**

**COUNCIL MEMBERS**

Advisor : Prof. Ts. Dr. Mohamad Kamal Harun  
President : Dato' Dr. Ir. Ts. Haji Mohd Abdul Karim Abdullah  
Deputy President : Ts. Dr. Chew Khoon Hee  
Honorary Secretary : Prof. Ts. Chm. Dr. Melissa Chan Chin Han  
Honorary Treasurer : Ts. Dr. Mohamed Ackiel Mohamed  
Immediate Past President : Ts. Mohd. Azmi Mohd. Noor

Council Members : Ir. Ong Hock Guan  
Ts. Dr. Mahmood Anwar  
Mark Hew Yoon Onn  
Ts. Dr. Tay Chia Chay  
Asst. Prof. Ts. Dr. Yu Lih Jiun  
Ir. Max Ong Chong Hup  
Assoc. Prof. Dr. Lim Teck Hock  
Ts. Brian Lim Siong Chung  
Kang Kim Ang  
Nik Khairil Azman Nik Abdullah

Co-opted Council Members : Assoc. Prof. Dr. Amalina Muhammad Afifi  
Danny Tan Kim Chew  
Ir. Ho Choon Fei  
Ts. Jason Yap Haw Shin  
Mohd Fairuz Mohd Salleh  
Mohd Iqbal Yaakup  
Dato' Seri Mohd Jai Suboh  
Ir. Mohd Syukri Mohd Khalid  
Dr. Nazatul Liana Sukiman  
Ir. Ts. Noor Hisham Yahaya  
Ts. Ong Thai Kiat  
Raymond Phen  
ChM. Dr. Shahrul Nizam Ahmad  
Sobendran Vengadasalam  
Ts. Wan Mohd Arif Wan Ibrahim

**REGISTERED OFFICE** : Suite 515, Level 5, Block A,  
Kelana Centre Point (Lobby B), No.3,  
Jalan SS 7/19, Kelana Jaya,  
47301 Petaling Jaya, Selangor.

**BANKERS** : CIMB Bank Berhad  
AFFIN Bank Berhad

**INSTITUTE OF MATERIALS, MALAYSIA**  
(Registered under Societies Act, 1966)

**CORPORATE INFORMATION (CONT'D)**

**AUDITORS**

: Messrs Azhan & Co. (AF 2083)  
Chartered Accountants (Malaysia)  
8A, Level 1, Block 2,  
Worldwide Business Centre,  
Jalan Tinju 13/50,  
40000 Shah Alam,  
Selangor Darul Ehsan.

**INSTITUTE OF MATERIALS, MALAYSIA**  
(Registered under Societies Act, 1966)

**COUNCILS' REPORT – 31 DECEMBER 2020**

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The council hereby submit their report together with the audited financial statements of the Institute for the year ended 31 December 2020.

**PRINCIPAL ACTIVITIES**

The principal activity of the Institute during the financial year is principally engaged in the training and development of individuals and companies in Malaysia to attain professional recognition in various fields of materials science, technology, and engineering.

**RESULTS OF OPERATION**

	<b>RM</b>
Deficit for the year	<u>(27,396)</u>

**COUNCIL**

The Council members who served since the date of the last report are:

Advisor	: Prof. Ts. Dr. Mohamad Kamal Harun
President	: Dato' Dr. Ir. Ts. Haji Mohd Abdul Karim Abdullah
Deputy President	: Ts. Dr. Chew Khoon Hee
Honorary Secretary	: Prof. Ts. Chm. Dr. Melissa Chan Chin Han
Honorary Treasurer	: Ts. Dr. Mohamed Ackiel Mohamed
Immediate Past President	: Ts. Mohd. Azmi Mohd. Noor
Council Members	: Ir. Ong Hock Guan Ts. Dr. Mahmood Anwar Mark Hew Yoon Onn Ts. Dr. Tay Chia Chay Asst. Prof. Ts. Dr. Yu Lih Jiun Ir. Max Ong Chong Hup Assoc. Prof. Dr. Lim Teck Hock Ts. Brian Lim Siong Chung Kang Kim Ang Nik Khairil Azman Nik Abdullah
Co-opted Council Members	: Assoc. Prof. Dr. Amalina Muhammad Afifi Danny Tan Kim Chew Ir. Ho Choon Fei Ts. Jason Yap Haw Shin Mohd Fairuz Mohd Salleh Mohd Iqbal Yaakup Dato' Seri Mohd Jai Suboh Ir. Mohd Syukri Mohd Khalid Dr. Nazatul Liana Sukiman Ir. Ts. Noor Hisham Yahaya Ts. Ong Thai Kiat Raymond Phen

Registration No.: PPM-004-10-11061987

**INSTITUTE OF MATERIALS, MALAYSIA**  
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**COUNCILS' REPORT – 31 DECEMBER 2020**

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**COUNCIL (CONT'D)**

Co-opted Council Members : ChM. Dr. Shahrul Nizam Ahmad  
Sobendran Vengadasalam  
Ts. Wan Mohd Arif Wan Ibrahim

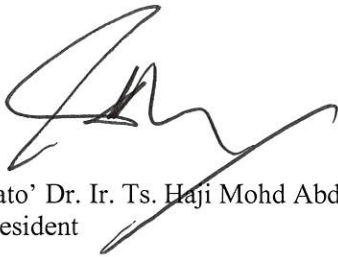
**INSTITUTE OF MATERIALS, MALAYSIA**  
(Incorporated in Malaysia)

**STATEMENT BY COUNCIL**

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We, Dato' Dr. Ir. Ts. Haji Mohd Abdul Karim Abdullah and Ts. Dr. Mohamed Ackiel Mohamed being two of Council Members of Institute Of Materials, Malaysia, do hereby state on behalf of the Council Members that in our opinion, the Financial Statement as set out together with the notes to financial statements and the Cash Flow Statement, are drawn up in accordance with applicable approved accounting standards in Malaysia so as to give a true and fair view of the state of affairs of the Institute as at 31 December 2020 and of the results of its operations and of the cash flow of the Institute for the year ended on that date in accordance with the Societies Act, 1966 in Malaysia.

On behalf of the Council,



Dato' Dr. Ir. Ts. Haji Mohd Abdul Karim Abdullah  
President



Ts. Dr. Mohamed Ackiel Mohamed  
Honorary Treasurer

Shah Alam  
Dated:

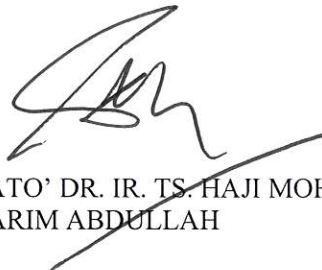
**02 MAR 2021**

**STATUTORY DECLARATION**

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I, Dato' Dr. Ir. Ts. Haji Mohd Abdul Karim Abdullah, (NRIC No.: 650523-13-5719) the president primarily responsible for the financial statement of Institute of Materials, Malaysia, as do solemnly and sincerely declare that the financial statement set out together with the notes to the financial statements and the Cash Flow Statement, in my opinion, 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.

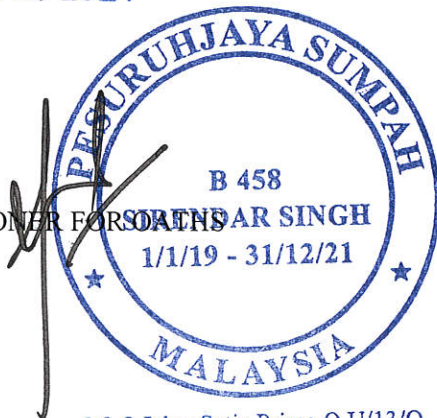
Subscribed and solemnly declared by )  
the above-named Dato' Dr. Ir. Ts. Haji Mohd )  
Abdul Karim Abdullah at Shah Alam in Selangor )  
on **02 MAR 2021** )



DATO' DR. IR. TS. HAJI MOHD ABDUL  
KARIM ABDULLAH

Before me,

COMMISSIONER FOR SOLEMN DECLARATIONS



6-3-2 Jalan Setia Prima Q U/13/Q  
Bandar Setia Alam  
40170 Shah Alam  
Selangor D.E. Malaysia.

Registration No.: PMM-004-10-11061987

**INSTITUTE OF MATERIALS, MALAYSIA**  
(Incorporated in Malaysia)

**INTERNAL AUDITORS' STATEMENT**

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We have examined the books and records of the Institute for the financial year ended 31 December 2020 and, in our opinion, the accounting and other records are properly kept and maintained in accordance with the applicable approved Malaysia Private Entities Reporting Standard ("MPERS") and the requirements of the Societies Act, 1966 in Malaysia.



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Muhamad Azhan Anuar

Internal Auditor

Petaling Jaya

Date: 23/2/2021





# Azhan & Co.

## Chartered Accountants

8A, Level 1, Block 2, Worldwide Business Centre, Jalan Tinju 13/50, 40000 Shah Alam, Selangor  
Tel: 03 5512 1288 | Fax: 03 5512 0188 | Email: azhanco\_2083@yahoo.com.my



A Member Firm of  
The Malaysian Institute of Accountants

**Registration No.: PMM-004-10-11061987**

### **INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF INSTITUTE OF MATERIALS, MALAYSIA**

(Incorporated in Malaysia)

#### **Report on the Audit of the Financial Statements**

##### **Opinion**

We have audited the financial statements of **INSTITUTE OF MATERIALS, MALAYSIA**, which comprise the statement of financial position as at 31 December 2020, and the statement of comprehensive income, statement of changes in equity and 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 10 to 21.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Institute as at 31 December 2020, and of its financial performance and its cash flows for the year then ended in accordance with Malaysian Private Entities Reporting Standard and the requirements of the Societies Act, 1966 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 Institute 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 Institute are responsible for the other information. The other information comprises the Councils' Report but does not include the financial statements of the Institute and our auditors' report thereon.

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

In connection with our audit of the financial statements of the Institute, our responsibility is to read the Councils' Report and, in doing so, consider whether the Councils' Report is materially inconsistent with the financial statements of the Institute 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 Councils' Report, we are required to report that fact. We have nothing to report in this regard.



# Azhan & Co.

## Chartered Accountants

8A, Level 1, Block 2, Worldwide Business Centre, Jalan Tinju 13/50, 40000 Shah Alam, Selangor  
Tel: 03 5512 1288 | Fax: 03 5512 0188 | Email: azhanco\_2083@yahoo.com.my

(AF 2083)



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### **INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF INSTITUTE OF MATERIALS, MALAYSIA**

(Incorporated in Malaysia)

#### **Responsibilities of the Council Members for the Financial Statements**

The Council Members of the Institute are responsible for the preparation of financial statements of the Institute that give a true and fair view in accordance with Malaysian Private Entities Reporting Standard and the requirements of the Societies Act, 1966 in Malaysia. The Council Members are also responsible for such internal control as the Council Members determine is necessary to enable the preparation of financial statements of the Institute that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements of the Institute, the Council Members are responsible for assessing the Institute'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 Council Members either intend to liquidate the Institute 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 Institute 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 judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements of the Institute, 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 Institute's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Council Members.



# Azhan & Co. Chartered Accountants

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Tel: 03 5512 1288 | Fax: 03 5512 0188 | Email: azhanco\_2083@yahoo.com.my



A Member Firm of  
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## **INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF INSTITUTE OF MATERIALS, MALAYSIA** (Incorporated in Malaysia)

- Conclude on the appropriateness of the Council Members' 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 Institute'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 Institute 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 Institute to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements of the Institute, 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 Council Members regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

### **Other Matters**

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

**AZHAN & CO.**  
[AF 2083]  
Chartered Accountants

**AZHAN BIN ABU BAKAR**  
[02861/06/21 J]  
Partner of the Firm

Date : **02 MAR 2021**

Shah Alam  
HA112021

**INSTITUTE OF MATERIALS, MALAYSIA**  
(Registered under Societies Act, 1966)

**STATEMENT OF FINANCIAL POSITION**  
**AS AT 31 DECEMBER 2020**

	Note	2020 RM	2019 RM
<b>ASSETS</b>			
<b>NON-CURRENT ASSETS</b>			
Property, plant and equipment	5	27,046	24,313
Investment	6	100,000	100,000
		<u>127,046</u>	<u>124,313</u>
<b>CURRENT ASSETS</b>			
Trade and other receivables	7	68,434	99,498
Amount due from related company	8	100,212	104,605
Cash and bank balances	9	51,361	33,316
		<u>220,007</u>	<u>237,419</u>
<b>TOTAL ASSETS</b>		<u><u>347,053</u></u>	<u><u>361,732</u></u>
<b>EQUITY AND LIABILITY</b>			
<b>EQUITY</b>			
General fund	10	285,547	312,943
<b>CURRENT LIABILITY</b>			
Other payables and accruals	11	61,506	48,789
<b>TOTAL LIABILITY</b>		<u>61,506</u>	<u>48,789</u>
<b>TOTAL EQUITY AND LIABILITY</b>		<u><u>347,053</u></u>	<u><u>361,732</u></u>

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

**INSTITUTE OF MATERIALS, MALAYSIA**  
(Registered under Societies Act, 1966)

**STATEMENT OF COMPREHENSIVE INCOME**  
**FOR THE YEAR ENDED 31 DECEMBER 2020**

	Note	2020 RM	2019 RM
Income	12	644,180	486,823
Cost of services		<u>(62,581)</u>	<u>(250,105)</u>
Gross surplus		581,599	236,718
Other income		51,096	752
Administration expenses		(648,269)	(622,257)
Other operating expenses		<u>(11,822)</u>	<u>(6,569)</u>
Deficit before taxation		(27,396)	(391,356)
Taxation	13	<u>-</u>	<u>-</u>
Deficit for the year		(27,396)	(391,356)
Other comprehensive income		<u>-</u>	<u>-</u>
Total comprehensive income for the year		<u><u>(27,396)</u></u>	<u><u>(391,356)</u></u>

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

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**INSTITUTE OF MATERIALS, MALAYSIA**  
(Registered under Societies Act, 1966)

**STATEMENT OF CHANGES IN FUND  
FOR THE YEAR ENDED 31 DECEMBER 2020**

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	<b>Total RM</b>
As at 1 January 2019	704,299
Deficit for the year	<u>(391,356)</u>
As at 31 December 2019	312,943
Deficit for the year	<u>(27,396)</u>
As at 31 December 2020	<u><u>285,547</u></u>

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

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**INSTITUTE OF MATERIALS, MALAYSIA**  
(Registered under Societies Act, 1966)

**STATEMENT OF CASH FLOWS**  
**FOR THE YEAR ENDED 31 DECEMBER 2020**

	<b>2020</b>	<b>2019</b>
	<b>RM</b>	<b>RM</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Deficit before taxation	(27,396)	(391,356)
Adjustment for:		
Depreciation of property, plant and equipment	7,841	6,569
<i>Operating deficit before working capital changes</i>	(19,555)	(384,787)
Decrease/(increase) in amount due from related company	4,393	(19,171)
Decrease in amount due to related company	-	(140)
Decrease in trade and other receivables	31,064	87,263
Increase in other payables and accruals	12,717	40,869
<i>Net cash generated from/(used in) operating activities</i>	28,619	(275,966)
<b>CASH FLOWS FROM INVESTING ACTIVITY</b>		
Acquisition of property, plant and equipment	(10,574)	(8,009)
<i>Net cash used in investing activities</i>	(10,574)	(8,009)
<b>Net increase/(decrease) in cash and cash equivalents</b>	18,045	(283,975)
<b>Cash and cash equivalents at beginning of the year</b>	33,316	317,291
<b>Cash and cash equivalents at end of the year</b>	51,361	33,316
<b>Cash and cash equivalents comprise:</b>		
Cash and bank balances	51,361	33,316

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

**INSTITUTE OF MATERIALS, MALAYSIA**  
(Registered under Societies Act, 1966)

**NOTES TO THE FINANCIAL STATEMENTS – 31 DECEMBER 2020**

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**1. FUNCTIONS OF THE INSTITUTE**

The Institute is involved in the training and development of individuals and companies in Malaysia to attain professional recognition in various fields of materials science, technology, and engineering.

The principal place of the Institute is located at Suite 515, Level 5, Block A, Kelana Centre Point (Lobby B), No.3, Jalan SS 7/19, Kelana Jaya, 47301 Petaling Jaya, Selangor, Malaysia.

**2. BASIS OF PREPARATION**

**2.1 Statement of compliance**

The Financial Statements of the Institute have been prepared in accordance with the Malaysia Private Entities Reporting Standard (“MPERS”) and the requirements of the Societies Act, 1966 in Malaysia.

**2.2 Basis of measurement**

The Financial Statements of the Institute have been prepared on the historical cost basis unless otherwise stated in the summary of significant accounting policies. The financial statements are presented in Ringgit Malaysia (“RM”) and all values are rounded to the nearest Ringgit except when otherwise indicated.

**2.3 Use of estimates and judgements**

The preparation of financial statements in conformity with MPERS requires the Council Members to make estimates and assumptions that affect the reported amounts of assets, liabilities, revenue and expenses and disclosure of contingent assets and contingent liabilities. In addition, the Council Members are also required to exercise their judgement in the process of applying the accounting policies.

The areas involving such judgements, estimates and assumptions are disclosed in Note 4 to the financial statements. Although these estimates and assumptions are based on the Council Members’ best knowledge of events and actions, actual results could differ from those estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future periods affected.

**3. SIGNIFICANT ACCOUNTING POLICIES**

**3.1 Property, plant and equipment**

Property and equipment are stated cost less accumulated depreciation and impairment. Depreciation is calculated on a straight-line basis to write off the cost of property and equipment over its estimated useful life.



**INSTITUTE OF MATERIALS, MALAYSIA**  
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**NOTES TO THE FINANCIAL STATEMENTS – 31 DECEMBER 2020**

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**3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**

**3.1 Property, plant and equipment**

The annual rates applicable are as follows:

	Useful live
Office equipment	10 years
Furniture and fittings	10 years
Computer Equipment	5 years

Property, plant and equipment are written down to recoverable amount if, the recoverable amount is less than their carrying value. Recoverable amount is the higher of an asset's net selling price and its value in use.

Fully depreciated property, plant and equipment are retained in the financial statements until they are no longer in use and no further charge for depreciation is made in respect of these assets.

**3.2 Impairment of assets**

The carrying values of assets are reviewed 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 is the higher of an asset's net selling price and its value in use, which is measured by reference to discounted future cash flows. Recoverable amounts are estimated for individual assets, or if it is not possible, for the cash-generating unit.

An impairment loss is charged to the income statement immediately, unless the asset is carried at revalued amount. Any impairment loss of a revalued asset is treated as a revaluation decrease to the extent of previously recognized revaluation surplus for the same asset.

Subsequent increase in the recoverable amount of an asset is treated as reversal of the previous impairment loss and is recognized to the extent of the carrying amount of the asset that would have determined (net of amortisation and depreciation) had no impairment loss been recognized. The reversal is recognized in the income statement immediately, unless the asset is carried at revalued amount. A reversal of an impairment loss on a revalued asset is credited directly to revaluation surplus. However, to the extent that an impairment loss on the same revalued asset was previously recognized as an expense in the income statement, a reversal of that impairment loss is recognized as income in the income statement.

**3.3 Receivables**

Trade and other receivables are carried at anticipated realisable value. Bad debts are written off in the period in which they are identified. An estimate is made for doubtful debts on a review of all outstanding amounts at the period end.

**INSTITUTE OF MATERIALS, MALAYSIA**  
(Registered under Societies Act, 1966)

**NOTES TO THE FINANCIAL STATEMENTS – 31 DECEMBER 2020**

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**3.4 Liabilities**

Trade and other payables are stated at cost which is the fair value of the consideration to be paid in the future for goods and services received.

**3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**

**3.5 Cash and cash equivalents**

Cash equivalents are short-term, highly liquid investments that are readily convertible to known amounts of cash and that are subject to an insignificant risk of changes in value. They are held to meet short-term cash commitments instead of for investment or other purposes.

If bank overdrafts are repayable on demand and form an integral part of cash management, bank overdrafts are a component of cash and cash equivalents.

**3.6 Revenue recognition**

Revenue from membership annual and entrance fees are recognized on receipt basis.

Revenue from seminar and courses organized are recognized when the services are performed.

Interest income is recognized on receipt basis.

**3.7 Investment**

Investment in shares held as long-term investment is stated at cost less impairment losses, if any.

**3.8 Income taxes**

Current tax is the expected amount of income tax payable in respect of the taxable income for the year and is measured using the tax rates that have been enacted at the balance sheet date.

**3.9 Financial instruments**

The particular recognition method adopted for financial instruments recognized in the balance sheet is disclosed in the individual policy statements associated with each item.

Financial instruments are recognized in the balance sheet when the Institute has become a party to the contractual provisions of the instrument. Financial instruments are classified as liabilities or equity in accordance with the substance of the contractual arrangement. Interest, dividends, gains and losses relating to a financial instrument classified as a liability, are reported as expense or income.

Distributions to holders of financial instruments classified as equity are charged directly to equity. Financial instruments are offset when the Institute 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.

**INSTITUTE OF MATERIALS, MALAYSIA**  
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**NOTES TO THE FINANCIAL STATEMENTS – 31 DECEMBER 2020**

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**4. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY**

**4.1 Changes in estimates**

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

The Council Members are of the opinion that there are no significant changes in estimates at the end of the reporting period.

**4.2 Key sources of estimation uncertainty**

The key assumptions concerning the future, and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next year, other than those disclosed in the Notes, are as follows:

**i) Measurement of a provision**

The Institute uses a “best estimate” as the basis for measuring a provision. Management evaluates the estimates based on the Institute’s historical experiences and other inputs or assumptions, current developments and future events that are reasonably possible under the particular circumstances. In the case when a provision relates to large population of customers (such as a warranty provision), a probability-weighted estimate of the outflows required to settle the obligation is used. In the case of a single estimate (such as a provision for environmental restoration costs), a referenced contractor’s price or market price is used as the best estimate. If an obligation is to be settled over time, the expected outflows are discounted at a rate that takes into account the time values of money and the risk that the actual outcome might differ from the estimates made.

**ii) Loss allowance of financial assets**

The Institute recognises impairment losses for loans and receivables using the incurred loss model. Individually significant loans and receivables are tested for impairment separately by estimating the cash flows expected to be recoverable. All others are grouped into credit risk classes and tested for impairment collectively, using the Institute’s past experiences of loss statistics, ageing of past due amounts and current economic trends. The actual eventual losses may be different from the allowance made and this may affect the Institute’s financial position and results.

**iii) Depreciation of property, plant and equipment**

The cost of an item of property, plant and equipment is depreciated on the straight-line method or another systematic method that reflects the consumption of the economic benefits of the asset over its useful life. Estimates are applied in the

**INSTITUTE OF MATERIALS, MALAYSIA**  
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**NOTES TO THE FINANCIAL STATEMENTS – 31 DECEMBER 2020**

selection of the depreciation method, the useful lives and the residual values. The actual consumption of the economic benefits of the property, plant and equipment may differ from the estimates applied and this may lead to a gain or loss on an eventual disposal of an item of property, plant and equipment.

**4. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY (CONT'D)**

**4.2 Key sources of estimation uncertainty (cont'd)**

**iv) Measurement of income taxes**

The Institute operates in various jurisdictions and are subject to income taxes in each jurisdiction. Significant judgement is required in determining the Institute's provision for current and deferred taxes because the ultimate tax liability for the Institute as a whole is uncertain. When the final outcome of the taxes payable is determined with the tax authorities in each jurisdiction, the amounts might be different from the initial estimates of the taxes payable. Such differences may impact the current and deferred taxes in the period when such determination is made. The Institute will adjust for the differences as over - or under-provision of current or deferred taxes in the current period in which those differences arise.

**5. PROPERTY, PLANT AND EQUIPMENT**

	As at 01.01.2020 RM	Additions RM	Disposals RM	As at 31.12.2020 RM
<b><u>Cost</u></b>				
Computer at cost	29,022	10,575	-	39,597
Furniture and fitting	2,210	-	-	2,210
Office equipment	8,853	-	-	8,853
	40,085	10,575	-	50,660
	As at 01.01.2020 RM	Charges for the year RM	Disposals RM	As at 31.12.2020 RM
<b><u>Accumulated Depreciation</u></b>				
Computer at cost	11,157	6,926	-	18,083
Furniture and fitting	1,668	56	-	1,724
Office equipment	2,947	860	-	3,807
	15,772	7,842	-	23,614

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	2020 RM	2019 RM	Depreciation charge 2019 RM
<b><u>Carrying Amounts</u></b>			
Computer at cost	21,514	17,865	5,692
Furniture and fitting	486	542	18
Office equipment	5,046	5,906	859
	<u>27,046</u>	<u>24,313</u>	<u>6,569</u>

**6. INVESTMENT**

	2020 RM	2019 RM
<b>At cost:</b>		
Unquoted shares	<u>100,000</u>	<u>100,000</u>

This represents investment in IMM Resources Sdn. Bhd. [200001030502 (533109-M)], a company incorporated in Malaysia wherein the Institute has 100% equity interest.

**7. TRADE AND OTHER RECEIVABLES**

	2020 RM	2019 RM
Trade receivables	-	10,110
Deposits:		
Office rental	5,000	5,000
Office utilities	2,500	2,500
Photocopier rental	1,060	1,060
Other receivables	55,497	79,955
Prepayment	4,377	873
	<u>68,434</u>	<u>99,498</u>

Trade receivables are non-interest bearing and the normal credit terms ranges from one (1) to three (3) months. They are recognised at their original invoice amounts which represent their fair value on initial recognition.

**8. AMOUNT DUE FORM RELATED COMPANY**

Amount due from related company are unsecured, interest free and repayable on demand.

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**9. CASH AND BANK BALANCES**

	<b>2020</b>	<b>2019</b>
	<b>RM</b>	<b>RM</b>
Cash at bank	50,725	32,823
Cash in hand	636	493
	<u>51,361</u>	<u>33,316</u>

**10. GENERAL FUND**

	<b>2020</b>	<b>2019</b>
	<b>RM</b>	<b>RM</b>
Balance brought forward	312,943	704,299
Net deficit for the year	(16,625)	(391,356)
Balance carried forward	<u>296,318</u>	<u>312,943</u>

**11. OTHER PAYABLES AND ACCRUALS**

	<b>2020</b>	<b>2019</b>
	<b>RM</b>	<b>RM</b>
Other payables	17,604	21,095
Accruals and provisions	43,902	27,694
	<u>61,506</u>	<u>48,789</u>

**12. INCOME**

	<b>2020</b>	<b>2019</b>
	<b>RM</b>	<b>RM</b>
Members' annual and entrance fee	266,510	170,785
Income from professional activities organised:		
Examination fee	107,920	139,297
Assessment fee	12,750	-
Coordination fee	2,000	-
Royalty income	43,784	40,626
Seminars and courses fees	-	7,810
Sponsorship and advertisement	211,216	128,305
	<u>644,180</u>	<u>486,823</u>

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**13. TAXATION**

	<b>2020</b>	<b>2019</b>
	<b>RM</b>	<b>RM</b>
Current income tax expense	<u>-</u>	<u>-</u>

**13. TAXATION (CONT'D)**

A reconciliation of income tax expense applicable to profit before taxation at the statutory income tax rate to income tax expense at the effective income tax rate of the Company is as follows:-

	<b>2020</b>	<b>2019</b>
	<b>RM</b>	<b>RM</b>
Deficit before taxation	<u>(27,396)</u>	<u>(391,356)</u>
Tax at Malaysian statutory tax rate of 24.5%	(6,712)	(95,882)
Tax effects of:		
Non-deductible expenses	1,921	233,024
Income not subject to tax	(7,350)	(91,068)
Unabsorbed tax losses	<u>12,141</u>	<u>(46,074)</u>
Total income tax expense	<u>-</u>	<u>-</u>

**14. COMPARATIVE FIGURES**

The comparative figures had been audited by auditors other than Azhan & Co.

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**DETAILED OF COMPREHENSIVE INCOME  
FOR THE YEAR ENDED 31 DECEMBER 2020**

	2020 RM	2019 RM
<b>INCOME:</b>		
Members' annual and entrance fee	266,510	170,785
Income from professional activities organised		
Examination fee	107,920	139,297
Assessment fee	12,750	-
Coordination fee	2,000	-
Royalty income	43,784	40,626
Seminars and courses fees	-	7,810
Sponsorship and advertisement	211,216	128,305
	<u>644,180</u>	<u>486,823</u>
<b>LESS: COST OF SERVICES</b>		
Advertising and promotion	1,295	8,560
AGM, conference and event	9,467	22,039
Examiner and invigilator fees	25,750	52,259
IMM Youth Forum	-	15,595
Publication cost	7,920	24,400
Sponsorship	-	75,487
SSPC license and fees	-	21,096
Training and certification fee	16,549	20,446
Website home page expenses	1,600	10,223
	<u>62,581</u>	<u>250,105</u>
<b>ADD: OTHER INCOME</b>		
Subsidy from Penjana	30,000	-
Waiver of SSPC license fee	21,096	-
Interest from CIMB	-	752
	<u>51,096</u>	<u>752</u>
<b>GROSS SURPLUS</b>	632,695	237,470
<b>LESS:</b>		
<b>ADMINISTRATION EXPENSES</b>	(648,269)	(622,257)
<b>OTHER OPERATING EXPENSES</b>	(11,822)	(6,569)
<b>DEFICIT BEFORE TAXATION</b>	<u>(27,396)</u>	<u>(391,356)</u>

*This Statement is prepared for the purpose of the Management's use only and does not form part of the statutory audited financial statements.*



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**ADMINISTRATION AND OTHER OPERATING EXPENSES  
FOR THE YEAR ENDED 31 DECEMBER 2020**

	2020 RM	2019 RM
<b>ADMINISTRATION EXPENSES</b>		
Audit fee	4,000	4,000
Accounting fee	22,400	24,000
Taxation fee - current year	2,986	1,800
- prior year	-	600
Salaries and allowances	432,859	354,973
E.P.F. contributions	40,482	35,441
SOCSO contributions	5,401	4,748
EIS contribution	484	414
Medical expenses	1,190	81
Staff insurance	12,540	14,201
Professional fees	14,152	22,018
Registration and subscription	5,267	4,792
Rental of copier	3,300	3,600
Rental of office	30,000	30,000
Council and committee meeting expenses	4,716	16,607
Insurance	5,310	-
Meal and refreshment	905	3,418
Office expenses	6,668	7,399
Gift and donation	292	8,770
Postage and courier	2,279	4,974
Printing and stationery	6,043	13,884
Repair and maintenance	430	350
Telephone and internet	19,730	24,787
Water and electricity	4,246	9,895
Training and examination expenses	-	318
Toll and parking	251	7,115
Travelling and allowances	22,297	23,822
Bank charges	41	250
	648,269	622,257
<b>OTHER OPERATING EXPENSES</b>		
Bad debt written off	3,980	-
Depreciation of property, plant and equipment	7,842	6,569
	11,822	6,569
	660,091	628,826

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