

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 2023**

**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 2023**

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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 Khoo Hee  
Honorary Secretary : Assoc. Prof. Ts. Dr. Tay Chia Chay  
Honorary Treasurer : Ts. Dr. Mohamed Ackiel Mohamed  
Immediate Past President : Ts. Mohd. Azmi Mohd. Noor

Council Members : Ir. Ong Hock Guan  
Ir. Ts. Noor Hisham Yahaya  
Ir. Dr. Edwin Jong Nyon Tchan  
Ts. Wan Mohd Arif Wan Ibrahim  
Ir. Mohd Syukri Mohd Khalid  
Kang Kim Ang  
Ts. CEng. Dr. Bernard Maxmillan Sim  
Nik Khairil Azman Nik Abdullah  
Mark Hew Yoon Onn  
Assoc. Prof. Dr. Tuty Asma Abu Bakar

Co-opted Council Members : Assoc. Prof. Dr. Lim Teck Hock  
Devinakumar Ratanam  
Dr. Amalina Muhammad Afifi  
Ts. Brian Lim Siong Chung  
Daniel Anak Sagoh  
Ts. Dr. Nur Aimi Jani  
Dr. Dasline Sinta  
Danny Tan Kim Chew  
Dr. Nazatul Liana Sukiman  
Ts. Ong Thai Kiat  
Asst. Prof. Dr. Maxine Yee Swee Li  
Ir. Ts. Dr. Tan Kim Seah  
Ts. Dr. Yu Lih Jiun

**REGISTERED OFFICE** : Suite 1006, Level 10, Block A,  
Kelana Centre Point (Lobby A), No.3,  
Jalan SS 7/19, Kelana Jaya,  
47301 Petaling Jaya, Selangor.

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

**INSTITUTE OF MATERIALS, MALAYSIA**  
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**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 2023**

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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 2023.

**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>
Surplus for the year	<u>100,962</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 Khooon Hee
Honorary Secretary	: Dr. Tay Chia Chay (w.e.f 20.12.2022) Prof. Ts. ChM. Dr. Melissa Chan Chin Han (deceased 19.12.2022)
Honorary Treasurer	: Ts. Dr. Mohamed Ackiel Mohamed
Immediate Past President	: Ts. Mohd. Azmi Mohd. Noor
Council Members	: Ir. Ong Hock Guan Ir. Ts. Noor Hisham Yahaya Ir. Dr. Edwin Jong Nyon Tchan Ts. Wan Mohd Arif Wan Ibrahim Ir. Mohd Syukri Mohd Khalid Kang Kim Ang Ts. CEng. Dr. Bernard Maxmillan Sim Nik Khairil Azman Nik Abdullah Mark Hew Yoon Onn Assoc. Prof. Dr. Tuty Asma Abu Bakar
Co-opted Council Members	: Assoc. Prof. Dr. Lim Teck Hock Devinakumar Ratanam Dr. Amalina Muhammad Afifi Ts. Brian Lim Siong Chung Daniel Anak Sagoh Ts. Dr. Nur Aimi Jani Dr. Dasline Sinta Danny Tan Kim Chew Dr. Nazatul Liana Sukiman Ts. Ong Thai Kiat

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**INSTITUTE OF MATERIALS, MALAYSIA**  
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**COUNCILS' REPORT – 31 DECEMBER 2023**

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**COUNCIL (CONT'D)**

Asst. Prof. Dr. Maxine Yee Swee Li  
Ir. Ts. Dr. Tan Kim Seah  
Ts. Dr. Yu Lih Jiun

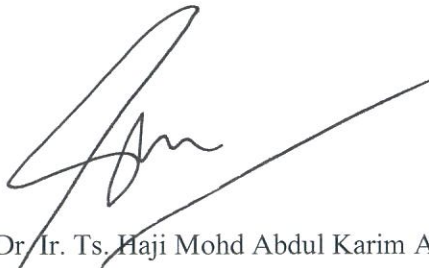
**INSTITUTE OF MATERIALS, MALAYSIA**  
(Incorporated in Malaysia)

**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 2023 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

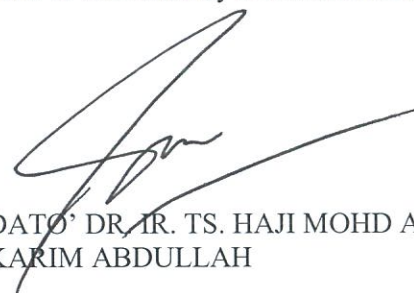
Shah Alam  
Dated: **10 JUN 2024**

**STATUTORY DECLARATION**

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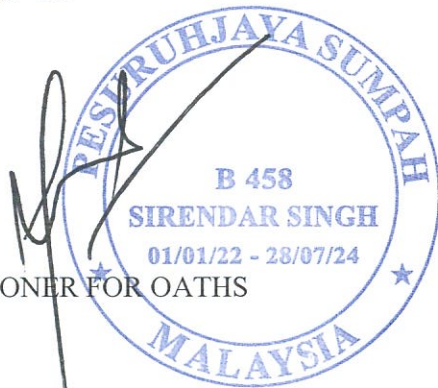
I, Dato' Dr. Ir. Ts. Haji Mohd Abdul Karim Abdullah, (NRIC No.: 650523-13-5719) the president primarily responsible for the financial statement of Institute of Materials, Malaysia, as do solemnly and sincerely declare that the financial statement set out together with the notes to the financial statements 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 **10 JUN 2024** )



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

Before me,



COMMISSIONER FOR OATHS

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

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**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 2023 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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Suhaila Idayu Binti Abdul Halim

Internal Auditor

Petaling Jaya

Date: **10 JUN 2024**



**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 2023, 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 22.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Institute as at 31 December 2023, 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 Council Members 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.

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

**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.





Registration No.: PMM-004-10-11061987

**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF  
INSTITUTE OF MATERIALS, MALAYSIA**  
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- 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**  
[02861/06/2025 J]  
Partner of the Firm

Date : 10 JUN 2024

Shah Alam  
HA0172024p

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

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

	Note	2023 RM	2022 RM
<b>ASSETS</b>			
<b>NON-CURRENT ASSETS</b>			
Property, plant and equipment	5	33,434	21,316
Investment	6	100,000	100,000
		<u>133,434</u>	<u>121,316</u>
<b>CURRENT ASSETS</b>			
Trade and other receivables	7	154,849	59,349
Amount due from related company	8	253,811	229,811
Cash and bank balances	9	342,267	337,700
		<u>750,927</u>	<u>626,860</u>
<b>TOTAL ASSETS</b>		<u><u>884,361</u></u>	<u><u>748,176</u></u>
<b>EQUITY AND LIABILITY</b>			
<b>CAPITAL AND RESERVE</b>			
General fund	10	827,522	726,560
<b>CURRENT LIABILITY</b>			
Other payables and accruals	11	56,839	21,616
<b>TOTAL LIABILITY</b>		<u>56,839</u>	<u>21,616</u>
<b>TOTAL EQUITY AND LIABILITY</b>		<u><u>884,361</u></u>	<u><u>748,176</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 2023**

	Note	2023 RM	2022 RM
Income	12	979,448	1,050,504
Cost of services		<u>(282,928)</u>	<u>(127,425)</u>
Gross surplus		696,520	923,079
Other operating income	13	-	379
Administration expenses		(588,616)	(618,295)
Other operating expenses		<u>(6,942)</u>	<u>(8,767)</u>
Surplus before taxation	14	100,962	296,396
Income tax expense	15	<u>-</u>	<u>-</u>
Surplus for the year		100,962	296,396
Other comprehensive income, net of tax		<u>-</u>	<u>-</u>
Total comprehensive income for the year		<u><u>100,962</u></u>	<u><u>296,396</u></u>

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

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**INSTITUTE OF MATERIALS, MALAYSIA**  
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**STATEMENT OF CHANGES IN EQUITY**  
**FOR THE YEAR ENDED 31 DECEMBER 2023**

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	<b>Total RM</b>
As at 1 January 2022	430,164
Total comprehensive income for the year	<u>296,396</u>
As at 31 December 2022	726,560
Total comprehensive income for the year	<u>100,962</u>
As at 31 December 2023	<u><u>827,522</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 2023**

	2023 RM	2022 RM
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Surplus before tax	100,962	296,396
Adjustments for:		
Depreciation of property, plant and equipment	<u>6,942</u>	<u>8,767</u>
<i>Operating surplus before working capital changes</i>	107,904	305,163
(Increase)/decrease in trade and other receivables	(95,500)	97,593
Increase in amount due from subsidiary	(24,000)	(88,699)
Increase/(decrease) in other payables and accruals	<u>35,223</u>	<u>(34,952)</u>
<i>Net cash generated from operating activities</i>	<u>23,627</u>	<u>279,105</u>
<b>CASH FLOWS FROM INVESTING ACTIVITY</b>		
Purchase of property, plant and equipment	<u>(19,060)</u>	<u>(1,248)</u>
<i>Net cash used in investing activity</i>	<u>(19,060)</u>	<u>(1,248)</u>
<b>Net increase in cash and cash equivalents</b>	4,567	277,857
<b>Cash and cash equivalents at beginning of the year</b>	<u>337,700</u>	<u>59,843</u>
<b>Cash and cash equivalents at end of the year</b>	<u><u>342,267</u></u>	<u><u>337,700</u></u>
<b>Cash and cash equivalents comprise:</b>		
Cash and bank balances	<u><u>342,267</u></u>	<u><u>337,700</u></u>

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 2023**

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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 1006, Level 10, Block A, Kelana Centre Point (Lobby A), 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.



**INSTITUTE OF MATERIALS, MALAYSIA**  
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**NOTES TO THE FINANCIAL STATEMENTS – 31 DECEMBER 2023**

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**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.

The annual rates applicable are as follows:

	Useful live
Office equipment	10 years
Furniture and fittings	10 years
Computer Equipment	3 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 Investment**

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

**INSTITUTE OF MATERIALS, MALAYSIA**  
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**NOTES TO THE FINANCIAL STATEMENTS – 31 DECEMBER 2023**

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

**3.4 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.

**3.5 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.

**3.6 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.

**3.7 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.

**3.8 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 2023**

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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 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.

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**NOTES TO THE FINANCIAL STATEMENTS – 31 DECEMBER 2023**

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

**4.1 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.

**INSTITUTE OF MATERIALS, MALAYSIA**  
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**NOTES TO THE FINANCIAL STATEMENTS – 31 DECEMBER 2023**

**5. PROPERTY, PLANT AND EQUIPMENT**

	As at 01.01.2023 RM	Additions RM	Disposals/ Transfer RM	As at 31.12.2023 RM
<b><u>Cost</u></b>				
Computer	39,597	15,528	-	55,125
Furniture and fittings	5,823	3,532	6,239	15,594
Office equipment	16,385	-	(6,239)	10,146
	<u>61,805</u>	<u>19,060</u>	<u>-</u>	<u>80,865</u>

	As at 01.01.2023 RM	Charges for the year RM	Disposals RM	As at 31.12.2023 RM
<b><u>Accumulated Depreciation</u></b>				
Computer	31,897	4,756	-	36,653
Furniture and fittings	2,321	712	1,300	4,333
Office equipment	6,271	1,474	(1,300)	6,445
	<u>40,489</u>	<u>6,942</u>	<u>-</u>	<u>47,431</u>

	2023 RM	2022 RM	Depreciation charge 2022 RM
<b><u>Carrying Amounts</u></b>			
Computer	18,472	7,700	6,888
Furniture and fittings	11,261	3,502	409
Office equipment	3,701	10,114	1,470
	<u>33,434</u>	<u>21,316</u>	<u>8,767</u>

**6. INVESTMENT**

	2023 RM	2022 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.

**INSTITUTE OF MATERIALS, MALAYSIA**  
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**NOTES TO THE FINANCIAL STATEMENTS – 31 DECEMBER 2023**

**7. TRADE AND OTHER RECEIVABLES**

	<b>2023</b>	<b>2022</b>
	<b>RM</b>	<b>RM</b>
Trade receivables	145,470	49,970
Deposits:		
Office rental	6,846	6,846
Photocopier rental	1,660	1,660
Prepayment	873	873
	<u>154,849</u>	<u>59,349</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 FROM RELATED COMPANY**

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

**9. CASH AND BANK BALANCES**

	<b>2023</b>	<b>2022</b>
	<b>RM</b>	<b>RM</b>
Cash at bank	340,482	335,839
Cash in hand	1,785	1,861
	<u>342,267</u>	<u>337,700</u>

**10. GENERAL FUND**

	<b>2023</b>	<b>2022</b>
	<b>RM</b>	<b>RM</b>
Balance brought forward	726,560	430,164
Net surplus for the year	100,962	296,396
Balance carried forward	<u>827,522</u>	<u>726,560</u>

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**NOTES TO THE FINANCIAL STATEMENTS – 31 DECEMBER 2023**

**11. OTHER PAYABLES AND ACCRUALS**

	<b>2023</b>	<b>2022</b>
	<b>RM</b>	<b>RM</b>
Accruals and provisions	<u>56,839</u>	<u>21,616</u>
	<u><u>56,839</u></u>	<u><u>21,616</u></u>

**12. INCOME**

	<b>2023</b>	<b>2022</b>
	<b>RM</b>	<b>RM</b>
Members' annual and entrance fee	297,175	343,174
Income from professional activities organised		
Examination fee	592,020	623,580
Assessment fee	1,200	11,100
Royalty income	78,053	65,650
Sponsorship and advertisement	<u>11,000</u>	<u>7,000</u>
	<u><u>979,448</u></u>	<u><u>1,050,504</u></u>

**13. OTHER INCOME**

	<b>2023</b>	<b>2022</b>
	<b>RM</b>	<b>RM</b>
Gain on foreign exchange (realised)	<u>-</u>	<u>379</u>
	<u><u>-</u></u>	<u><u>379</u></u>

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**NOTES TO THE FINANCIAL STATEMENTS – 31 DECEMBER 2023**

**14. SURPLUS BEFORE TAXATION**

	<b>2023</b>	<b>2022</b>
	<b>RM</b>	<b>RM</b>
This is stated after charging/(crediting):		
Audit fee	4,300	4,300
Depreciation of property, plant and equipment	6,942	8,767
Professional fees	14,205	21,400
Rental of copier	1,950	1,650
Rental of office	18,500	19,200
Gain on foreign exchange (realised)	<u>-</u>	<u>(379)</u>

**15. TAXATION**

	<b>2023</b>	<b>2022</b>
	<b>RM</b>	<b>RM</b>
Current income tax expense	<u>-</u>	<u>-</u>

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>2023</b>	<b>2022</b>
	<b>RM</b>	<b>RM</b>
Surplus before taxation	<u>100,962</u>	<u>308,396</u>
Tax at Malaysian statutory tax rate of 24.5%	24,736	75,557
Tax effects of :		
Non-deductible expenses	1,787	2,148
Income not subject to tax	-	-
Unabsorbed tax losses	<u>(26,523)</u>	<u>(77,705)</u>
Total income tax expense	<u>-</u>	<u>-</u>



**INSTITUTE OF MATERIALS, MALAYSIA**  
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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>		
Members' annual and entrance fee	297,175	343,174
Income from professional activities organised		
Examination fee	592,020	623,580
Assessment fee	1,200	11,100
Royalty income	78,053	65,650
Sponsorship and advertisement	11,000	7,000
	<u>979,448</u>	<u>1,050,504</u>
<b>LESS: COST OF SERVICES</b>		
Advertising and promotion	1,850	1,000
AGM, conference and event	60,754	16,350
Examiner and invigilator fees	39,018	39,238
Publication cost	17,040	10,330
Royalty certification system	22,434	1,239
Assessment facility fee	79,450	43,650
Website home page expenses	50,045	15,618
Service charges	12,337	-
	<u>282,928</u>	<u>127,425</u>
<b>ADD: OTHER INCOME</b>		
Gain on foreign exchange (realised)	-	379
	<u>-</u>	<u>379</u>
<b>GROSS SURPLUS</b>	696,520	923,458
<b>LESS:</b>		
<b>ADMINISTRATION EXPENSES</b>	(588,616)	(618,295)
<b>OTHER OPERATING EXPENSES</b>	(6,942)	(8,767)
<b>SURPLUS BEFORE TAXATION</b>	<u>100,962</u>	<u>296,396</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.*

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

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

	<b>2023</b>	<b>2022</b>
	<b>RM</b>	<b>RM</b>
<b>ADMINISTRATION EXPENSES</b>		
Audit fee	4,300	4,300
Accounting fee	24,000	24,000
Taxation fee	3,740	2,920
Salaries and allowances	363,061	384,444
E.P.F. contributions	47,221	49,825
SOCSO contributions	5,021	5,782
EIS contributions	572	664
Medical expenses	2,766	-
Staff insurance	8,292	9,876
Professional fees	4,205	21,400
Registration and subscription	11,803	3,230
Rental of office	18,500	19,200
Rental of copier	1,950	1,650
Insurance	5,098	5,098
Meal and refreshment	2,141	5,177
Office expenses	5,947	7,801
Gift and donation	350	-
Postage and courier	4,867	4,671
Printing and stationery	12,201	13,136
Repair and maintenance	1,318	10,096
Telephone and internet	17,475	12,731
Water and electricity	5,688	5,516
Toll and parking	1,122	849
Travelling expenses and allowances	34,383	25,124
Bank charges	219	353
Service tax	2,376	452
	<u>588,616</u>	<u>618,295</u>
<b>OTHER OPERATING EXPENSES</b>		
Depreciation of property, plant and equipment	<u>6,942</u>	<u>8,767</u>
	<u><u>595,558</u></u>	<u><u>627,062</u></u>

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