

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

**COMMITTEE MEMBERS' STATEMENT AND
AUDITED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019**



INSTITUTE OF MATERIALS, MALAYSIA
(Registered in Malaysia under the Societies Act, 1966)

COMMITTEE MEMBERS' STATEMENT AND
AUDITED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019

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COMMITTEES' REPORT

The Committee hereby submit their report together with the audited financial statements of the Institute for the financial year 31 December 2019.

PRINCIPAL ACTIVITIES

The principal activities of the Institute during the financial year are 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.

FINANCIAL RESULTS

	2019 RM
Deficit during the year	<u>(391,356)</u>

COMMITTEE

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

President	: Ts. Mohd. Azmi Mohd. Noor
Deputy President	: Dato' Ts. Dr. Ir. Haji Mohd Abdul Karim Abdullah
Honorary Secretary	: Prof. Ts. Dr. Melissa Chan Chin Han
Honorary Treasurer	: Ts. Dr. Zulkarnain Kedah
Immediate Past President	: Prof. Ts. Dr. Mohamad Kamal Harun

INSTITUTE OF MATERIALS, MALAYSIA
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COMMITTEE (cont'd)

Council Members : Dato' Paduka Ts. Udani Dato' Seri Mohamed Daud
Ts. Dr. Chew Khoon Hee
Assoc. Prof. Lim Teck Hock
Ts. Dr. Tay Chia Chay
Ir. Ong Hock Guan
Ts. Brian Lim Siong Chung
Danny Tan Kim Chew
Nurul Asni Mohamed
Rehan Ahmed
Sofiyah Yahya
Prof. Dr. Esah Hamzah
Assoc. Prof. Dr. Andri Andriyana
Dr. Mohamed Ackiel Mohamed
Dr. Yong Soon Kong
Ir. Pau Kiew Huai
Mohamed Siraj Abdul Razack
Muhammad Hawari Hasan
Tan Su Anne

INSTITUTE OF MATERIALS, MALAYSIA
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STATEMENT BY COMMITTEE

The Committee Members have pleasure in submitting the audited financial statements of the Institute for the year ended 31 December 2019.

In the opinion of the Committee Members the results of the operations of the Institute for the year ended 31 December 2019 have not been materially affected by items of an abnormal character.

No circumstances have arisen which render adherence to the existing method of valuation of assets or liabilities of the Institute misleading or inappropriate.

No contingent liabilities in respect of the Institute of Materials, Malaysia have arisen since the end of the financial year ended 31 December 2019.

In the opinion of the Committee Members, the Statement of Financial Position, Statement of Comprehensive Income, and Statement of Cash Flows together with the Notes to the financial statements, are drawn up in accordance with applicable approved Malaysian Private Entities Reporting Standards ("MPERS") and the Constitutional Rules of the Institute so as to give a true and fair view of the financial position of the as at 31 December 2019 and of its financial performance and cash flows for the year then ended.

On behalf of the Committee,



MOHD. AZMI BIN MOHD. NOOR
President



DR. ZULKARNAIN KEDAH
Hon. Treasurer

Subang Jaya

Date: - 2 MAR 2020

INSTITUTE OF MATERIALS, MALAYSIA
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INTERNAL AUDITORS' STATEMENT

We have examined the books and records of the Institute for the financial year ended 31 December 2019 and, in our opinion, the accounting and other records are properly kept and maintained in accordance with the applicable approved Malaysian Private Entities Reporting Standard ("MPERS") and the requirements of the Societies Act, 1966 in Malaysia.



MOHAMMAD IKMAL HISHAM ASHARI
Internal Auditor



SITI HASLINA RAMLI
Internal Auditor

Subang Jaya

Date: - 2 MAR 2020



INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF

INSTITUTE OF MATERIALS, MALAYSIA (Registered in Malaysia under the Societies Act, 1966)

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 2019, 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.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Institute as at 31 December 2019, 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 Committee Members of the Institute are responsible for the other information. The other information comprises the Statement by Committee Members 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 Statement by the Committee Members and we do not express any form of assurance conclusion thereon.



INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF (CONT'D)

INSTITUTE OF MATERIALS, MALAYSIA (Registered in Malaysia under the Societies Act, 1966)

In connection with our audit of the financial statements of the Institute, our responsibility is to read the Statement by the Committee Members and, in doing so, consider whether the Statement by the Committee Members 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 Statement by the Committee Members, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Committee Members for the Financial Statements

The Committee Members of the Institute are responsible for the preparation of the 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 Committee Members are also responsible for such internal control as the Committee 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 Committee 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 Committee 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.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF (CONT'D)

INSTITUTE OF MATERIALS, MALAYSIA (Registered in Malaysia under the Societies Act, 1966)

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 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 Committee Members.
- Conclude on the appropriateness of the Committee 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 Committee 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.



INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF (CONT'D)

INSTITUTE OF MATERIALS, MALAYSIA
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Report on Other Legal and Regulatory Requirements

We also report that in our opinion the accounting and other records and the registers required to be kept by the Institute have been properly kept in accordance with the Societies Act, 1966.

Other Matters

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

AZIMY & CO
AF 002200
Chartered Accountants

Subang Jaya

Date: - 2 MAR 2020

Azimy bin Derahman
02670/07/2020J
Chartered Accountant

INSTITUTE OF MATERIALS, MALAYSIA
(Registered in Malaysia under the Societies Act, 1966)

STATEMENT OF FINANCIAL POSITION

As at 31 December 2019

	Note	2019 RM	2018 RM
ASSETS			
Non-current assets			
Property, plant and equipment	5	24,313	22,873
Investment	6	100,000	100,000
Total non-current assets		<u>124,313</u>	<u>122,873</u>
Current assets			
Trade and other receivables	7	99,498	186,761
Amount owing by related company	8	104,605	85,434
Cash and cash equivalents	9	33,316	317,291
Total current assets		<u>237,419</u>	<u>589,486</u>
TOTAL ASSETS		<u><u>361,732</u></u>	<u><u>712,359</u></u>
EQUITY AND LIABILITIES			
Equity			
General fund	10	312,943	704,299
Total equity		<u>312,943</u>	<u>704,299</u>
Current liabilities			
Other payables	11	48,789	7,920
Amount owing to related company	8	-	140
Total current liabilities		<u>48,789</u>	<u>8,060</u>
TOTAL LIABILITIES		<u>48,789</u>	<u>8,060</u>
TOTAL EQUITY AND LIABILITIES		<u><u>361,732</u></u>	<u><u>712,359</u></u>

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

INSTITUTE OF MATERIALS, MALAYSIA
(Registered in Malaysia under the Societies Act, 1966)

STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 December 2019

	Note	2019 RM	2018 RM
Income	12	486,823	649,245
Cost of services		(250,105)	(119,424)
Gross surplus		<u>236,718</u>	<u>529,821</u>
Other income		752	904
Administration and operating expenses		(628,826)	(407,591)
(Deficit) / Surplus from operation		<u>(391,356)</u>	<u>123,134</u>
(Deficit) / Surplus before taxation		<u>(391,356)</u>	<u>123,134</u>
Taxation	13	-	-
(Deficit) / Surplus for the year		<u>(391,356)</u>	<u>123,134</u>
Other comprehensive income		-	-
Total comprehensive income for the year		<u><u>(391,356)</u></u>	<u><u>123,134</u></u>

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

INSTITUTE OF MATERIALS, MALAYSIA
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STATEMENT OF CHANGES IN FUND
For the year ended 31 December 2019

	<u>TOTAL</u> RM
As at 1 January 2018	581,165
Surplus for the year	123,134
As at 31 December 2018	<u>704,299</u>
As at 1 January 2019	704,299
Deficit for the year	(391,356)
As at 31 December 2019	<u>312,943</u>

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

INSTITUTE OF MATERIALS, MALAYSIA
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STATEMENT OF CASH FLOWS
For the year ended 31 December 2019

	2019 RM	2018 RM
CASH FLOWS FROM OPERATING ACTIVITIES		
(Deficit) / Surplus before taxation	(391,356)	123,134
Adjustment for:		
Depreciation of property, plant and equipment	6,569	5,266
Operating surplus before working capital changes	<u>(384,787)</u>	<u>128,400</u>
Changes in working capital:		
Amount owing by related company	(19,171)	(85,434)
Amount owing to related company	(140)	-
Receivables	87,263	(60,042)
Payables	40,869	2,720
Cash flows from operations	<u>(275,966)</u>	<u>(14,356)</u>
Tax paid	-	-
Net cash flows from operating activity	<u>(275,966)</u>	<u>(14,356)</u>
CASH FLOWS FROM INVESTING ACTIVITY		
Purchase of property, plant and equipment	<u>(8,009)</u>	<u>(16,670)</u>
Net cash flows from investing activity	<u>(8,009)</u>	<u>(16,670)</u>
CASH FLOWS FROM FINANCING ACTIVITY		
Net changes in cash and cash equivalents	(283,975)	(31,026)
Cash and cash equivalent at the beginning of the year	317,291	348,317
Cash and cash equivalent at the end of the year	<u><u>33,316</u></u>	<u><u>317,291</u></u>
CASH AND CASH EQUIVALENTS:-		
Cash and bank balances	<u>33,316</u>	<u>317,291</u>
	<u><u>33,316</u></u>	<u><u>317,291</u></u>

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

NOTES TO THE FINANCIAL STATEMENTS
31 December 2019

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.

2. BASIS OF PREPARATION

a. Statement of compliance

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

b. 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.

c. Use of estimates and judgements

The preparation of financial statements in conformity with MPERS requires the Committee 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 Committee 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 Committee 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.

NOTES TO THE FINANCIAL STATEMENTS
31 December 2019

3. SIGNIFICANT ACCOUNTING POLICIES

a. Property, plant and equipment and depreciation

All items of property, plant and equipment are initially measured at cost. Cost includes expenditure that is directly attributable to the acquisition of the asset.

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 would flow to the Institute and the cost of the asset could be measured reliably. The carrying amount of parts that are replaced is derecognized. The cost of the day-to-day servicing of an item property, plant and equipment are recognised in profit or loss in the period in which the costs are incurred.

Cost also comprises the initial estimate of dismantling and removing the asset and restoring the site on which it is located for which the Institute is obligated to incur when the asset is acquired, if applicable.

For major component of an item of property, plant and equipment which have significantly different patterns of consumption of economic benefits, the initial cost of the asset shall be allocated to its major components and each such component is depreciated separately over its useful life.

After initial recognition, property, plant and equipment except for freehold land are stated at cost less accumulated depreciation and any accumulated impairment losses.

Depreciation is calculated to write off the cost of the assets to their residual values on a straight-line basis over their estimated useful life. The principal depreciation periods and annual rates are as follows:

	<u>Rate</u>
Computer equipment	20%
Furniture and fittings	10%
Office equipment	10%

The residual values, useful life and depreciation method of previous estimates shall be reviewed if there is indication of impairment to ensure that the amount, method and period of depreciation are consistent with previous estimates and the expected pattern of consumption of the future economic benefits embodied in the items of property, plant and equipment. If current expectations differ from previous estimates, the changes are accounted for as change in an accounting estimate.

NOTES TO THE FINANCIAL STATEMENTS
31 December 2019

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

a. Property, plant and equipment and depreciation (cont'd)

The carrying amount of an item of property, plant and equipment is derecognized on disposal or when no future economic benefits are expected from its use or disposal. The difference between the net disposal proceeds, if any, and the carrying amount is included in profit or loss.

b. Trade and Other Receivables

Trade and other receivables are carried at anticipated realizable 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.

c. Other Payables

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.

d. Impairment of Assets

At each balance sheet date, the Institute reviews the carrying amounts of its assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, impairment is measured by comparing the carrying values of the assets with their recoverable amounts. Recoverable amount is the higher of net selling price and value in use, which is measured by reference to discounted future cash flows. Recoverable amounts are estimated for individual assets or, if it not possible, for the cash-generating unit to which the asset belongs.

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.

Reversal of impairment losses recognised in prior years is recorded when there is an indication that the impairment losses recognised to the extent of the carrying amount of the asset that would have been determined (net of amortization and depreciation) had no impairment loss been recognised. The reversal is recognised in the income statement.

NOTES TO THE FINANCIAL STATEMENTS
31 December 2019

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

e. 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.

f. Financial Instruments

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

Financial instruments are recognised 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.

g. Revenue recognition

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

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

Interest income is recognised on receipt basis.

h. Investment

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

NOTES TO THE FINANCIAL STATEMENTS
31 December 2019

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

i. 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.

4. SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGEMENTS

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

b. Key sources of estimation uncertainty

The following are key assumptions concerning the future and other key sources of estimation uncertainty at the end of each reporting period that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

(i) 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.

NOTES TO THE FINANCIAL STATEMENTS
31 December 2019

4. SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGEMENTS (CONT'D)

b. Key sources of estimation uncertainty (cont'd)

(ii) Deferred tax assets

Deferred tax assets are recognised for all unused tax losses and unabsorbed capital allowances to the extent that is probable that future taxable profits would be available against which the losses and capital allowances could be utilised. Significant management judgement is required to determine the amount of deferred tax assets that could be recognised, based on the likely timing and extent of future taxable profits together with future tax planning strategies.

(iii) Impairment of receivables

The Institute makes impairment of receivables based on assessment of the recoverability of receivables. Impairment is applied to receivables where events or changes in circumstances indicate that the carrying amounts may not be recoverable. Management specifically analyses historical bad debts, customer concentration, customer creditworthiness, current economic trends and changes in customer payment terms when making a judgement to evaluate the adequacy of impairment of receivables. Where expectations differ from the original estimates, the differences would impact the carrying amount of receivables.

INSTITUTE OF MATERIALS, MALAYSIA
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NOTES TO THE FINANCIAL STATEMENTS
31 December 2019

5. PROPERTY, PLANT AND EQUIPMENT

	Cost		
	As at 01.01.2019 RM	Additions RM	As at 31.12.2019 RM
Office equipment	22,222	6,800	29,022
Furniture and fitting	1,650	560	2,210
Computer	8,204	649	8,853
	<u>32,076</u>	<u>8,009</u>	<u>40,085</u>

	Accumulated Depreciation		
	As at 01.01.2019 RM	Charge for the year RM	As at 31.12.2019 RM
Office equipment	5,465	5,692	11,157
Furniture and fittings	1,650	18	1,668
Computer	2,088	859	2,947
	<u>9,203</u>	<u>6,569</u>	<u>15,772</u>

	Carrying Amount	
	As at 31.12.2019 RM	As at 31.12.2018 RM
Office equipment	17,865	16,757
Furniture and fittings	542	-
Computer and software	5,906	6,116
	<u>24,313</u>	<u>22,873</u>

6. INVESTMENT

	2019 RM	2018 RM
At cost:		
Unquoted shares	<u>100,000</u>	<u>100,000</u>

This represents investment in IMM Resources Sdn. Bhd. (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 2019

7. TRADE AND OTHER RECEIVABLES

	2019 RM	2018 RM
Trade receivables	10,110	26,730
Tax recoverable	873	873
Deposits:		
Office rental	5,000	5,000
Office utilities	2,500	2,500
Photocopier rental	1,060	1,060
Other receivables	79,955	150,598
	<u>99,498</u>	<u>186,761</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 OWING BY/(TO) RELATED COMPANY

Amount owing by/(to) related company are unsecured interest free advances and have no fixed term of repayments.

9. CASH AND CASH EQUIVALENTS

Cash and cash equivalents consists of:

	2019 RM	2018 RM
Cash at bank	32,823	315,951
Cash in hand	493	1,340
	<u>33,316</u>	<u>317,291</u>

INSTITUTE OF MATERIALS, MALAYSIA
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NOTES TO THE FINANCIAL STATEMENTS
31 December 2019

10. GENERAL FUND

	2019 RM	2018 RM
Balance brought forward	704,299	581,165
Net surplus for the year	<u>(391,356)</u>	<u>123,134</u>
Balance carried forward	<u><u>312,943</u></u>	<u><u>704,299</u></u>

11. OTHER PAYABLES

	2019 RM	2018 RM
Accruals	27,694	7,920
Other creditor	<u>21,095</u>	<u>-</u>
	<u><u>48,789</u></u>	<u><u>7,920</u></u>

12. INCOME

	2019 RM	2018 RM
Members' annual and entrance fee	170,785	259,269
Income from professional activities organised:		
Examination fee	139,297	317,987
Seminars and courses fees	7,810	50,842
Sponsorship and advertisement	128,305	-
Royalty income on seminar courses	<u>40,626</u>	<u>21,147</u>
	<u><u>486,823</u></u>	<u><u>649,245</u></u>

INSTITUTE OF MATERIALS, MALAYSIA
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NOTES TO THE FINANCIAL STATEMENTS
31 December 2019

13. TAXATION

For income tax purpose, the Institute is treated as "Trade Association" under Section 53(3) of the Income Tax Act, 1967, under which its income is taxed at scaled rates.

	2019 RM	2018 RM
Provision for taxation	<u> -</u>	<u> -</u>

No provision for taxation has been made for the financial year as the Institute has no chargeable income. However, this is subject to Inland Revenue Board's approval.

A reconciliation of income tax expense applicable to loss before taxation at the statutory income tax rate to income tax expense at the effective income tax rate of the Institute is as follows:

	2019 RM	2018 RM
(Deficit) / Surplus before taxation	<u>(391,356)</u>	<u>123,134</u>
Tax calculated at a tax rate of 24.5%	(95,882)	30,168
Tax effects of:		
- expenses not deductible for tax purpose	233,024	57,823
- income not subject to tax	(91,068)	(77,676)
Unabsorbed tax losses	<u>(46,074)</u>	<u>(10,315)</u>
Tax charge for the year	<u> -</u>	<u> -</u>

INSTITUTE OF MATERIALS, MALAYSIA
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FOR MANAGEMENT PURPOSE ONLY
APPENDIX I

DETAILED OF COMPREHENSIVE INCOME

For the year ended 31 December 2019

	2019 RM	2018 RM
Income:		
Members' annual and entrance fee	170,785	259,269
Income from professional activities organised		
Examination fee	139,297	317,987
Royalty income	40,626	21,147
Seminars and courses fees	7,810	50,842
Sponsorship and advertisement	128,305	-
	<u>486,823</u>	<u>649,245</u>
Less: Cost of services <i>(Appendix II)</i>	(250,105)	(119,424)
Add: Other income		
Interest from CIMB	752	904
Gross surplus	<u>237,470</u>	<u>530,725</u>
Less: Administration and operating expenses <i>(Appendix III)</i>	(628,826)	(407,591)
(Deficit) / Surplus before taxation	<u><u>(391,356)</u></u>	<u><u>123,134</u></u>

INSTITUTE OF MATERIALS, MALAYSIA
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FOR MANAGEMENT PURPOSE ONLY
APPENDIX II

SCHEDULE OF COST OF SERVICES

For the year ended 31 December 2019

	2019 RM	2018 RM
Advertising and promotion	8,560	11,761
AGM, conference and event	22,039	16,461
Examiner and invigilator fee	52,259	37,311
IMM Youth Forum	15,595	-
Publication cost	24,400	7,694
Sponsorship	75,487	17,800
SSPC licence and fees	21,096	20,136
Training and certification fee	20,446	-
Website home page expenses	10,223	8,261
	<u>250,105</u>	<u>119,424</u>

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APPENDIX III

SCHEDULE OF ADMINISTRATION AND OPERATING EXPENSES

For the year ended 31 December 2019

	2019 RM	2018 RM
Accounting fees	24,000	26,196
Auditors' remuneration	4,000	4,000
Bank charges	250	1,765
Council and committee meeting expenses	16,607	31,311
Depreciation	6,569	5,266
Fuel, toll and parking	7,115	3,149
Gift and donation	8,770	165
Golf tournament expenses	-	1,640
Meal and refreshment	3,418	-
Office expenses	7,399	4,407
Office rental	30,000	31,379
Postage and courier	4,974	3,922
Printing and stationery	13,884	17,314
Professional fees	22,018	20,597
Photocopier rental	3,600	2,418
Registration and subscription	4,792	698
Repair and maintenance	350	4,865
Staff cost:		
EPF	35,441	23,715
Salaries and allowance	354,973	186,722
SOCSO	4,748	2,005
EIS	414	206
Medical expenses	81	2,334
Staff Insurance	14,201	8,363
Tax agent fee:		
Current year	1,800	1,908
Under provision in prior year	600	-
Telephone and internet	24,787	4,292
Training and examination expenses	318	1,300
Travelling and allowances	23,822	17,654
Water and electricity	9,895	-
	<u>628,826</u>	<u>407,591</u>