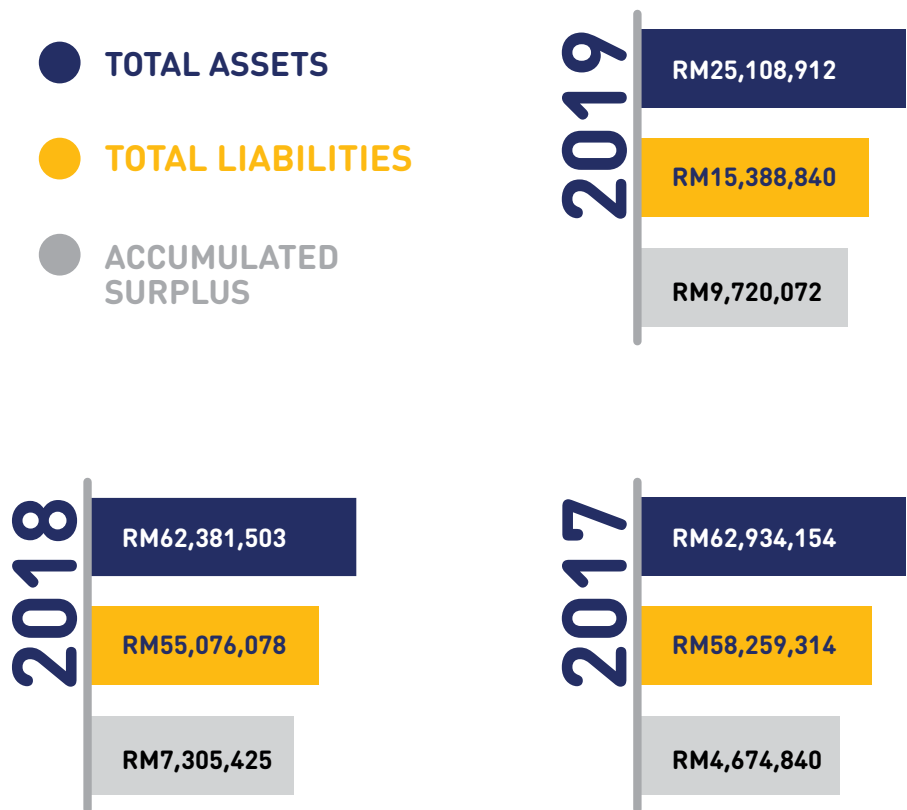


For a think tank like us, transparency is essential for proper valuation. The financial statements of ASM provide information on the health of our financial results and performance as well as cash flows.



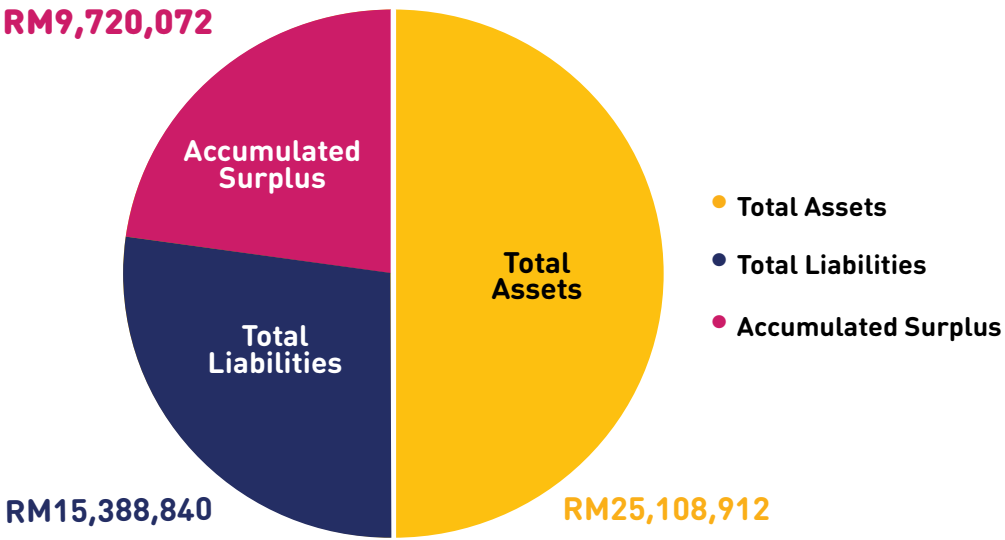
Statement of ASM Financial Performance

- ASM Financial Performance for the year ended 31 December 2019 has shown a surplus before tax of RM2,688,803 compared to 2018 a surplus of RM2,630,585. The income recorded for the year 2019 was RM18,551,134. This is derived from 58% contribution by Malaysian Government amounting RM10,675,654 while 32% of income derives from amortization of deferred grants, deferred income and donation fund amounting RM5,920,781 and other income of 10% amounting RM1,954,699.
- ASM recorded a total expenditure of 86% in 2019 amounting RM15,862,331 compared to 2018 which recorded expenditure of 90% amounting RM24,330,292. The major expenditure was Science Programme amounting RM6,072,266 (38%) and Services and Supplies amounting RM5,860,156 (37%). Services and supplies also includes emolument of 66 contract staff.

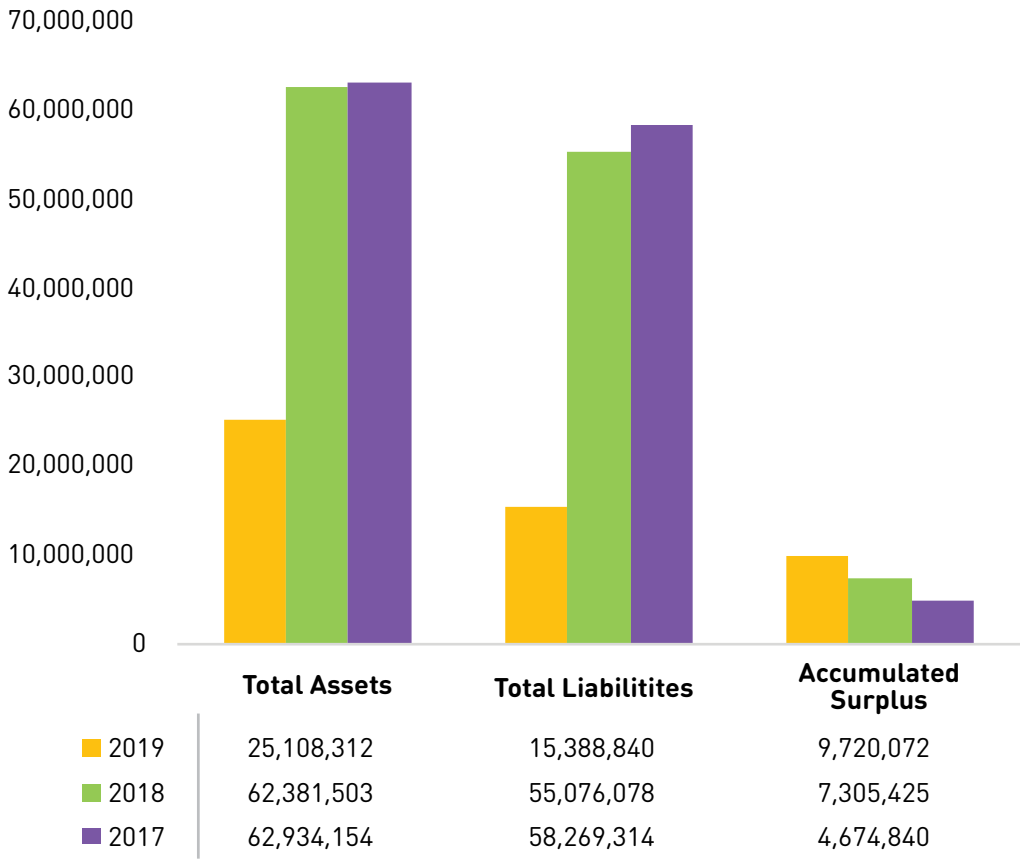
Statement of ASM Financial Position

- ASM Financial Position was strengthened in 2019 as the accumulated surplus was recorded at RM9,720,072 [2018: RM7,305,425]. The significant change in the accumulated surplus is due to declaration of ASM building as a fixed asset with a value of RM3,399,000.
- ASM total asset was recorded at RM25,108,912 with a major contributions from fixed deposit amounting RM20,795,161. Government grants and International Grants received for operations and activities are invested in fixed deposit approved by MOF.
- ASM total liabilities was majorly contributed by deferred grants received from Malaysian Government for ASM and International Office hosted by ASM namely ISC ROAP and ISTIC. This is decreased by 75% compared to 2018 (2019: RM12,226,504, 2018: RM48,868,740) due to return of R,D&C balance allocation to Malaysian Government amounting RM 32,040,944.43.

ASM FINANCIAL PERFORMANCE

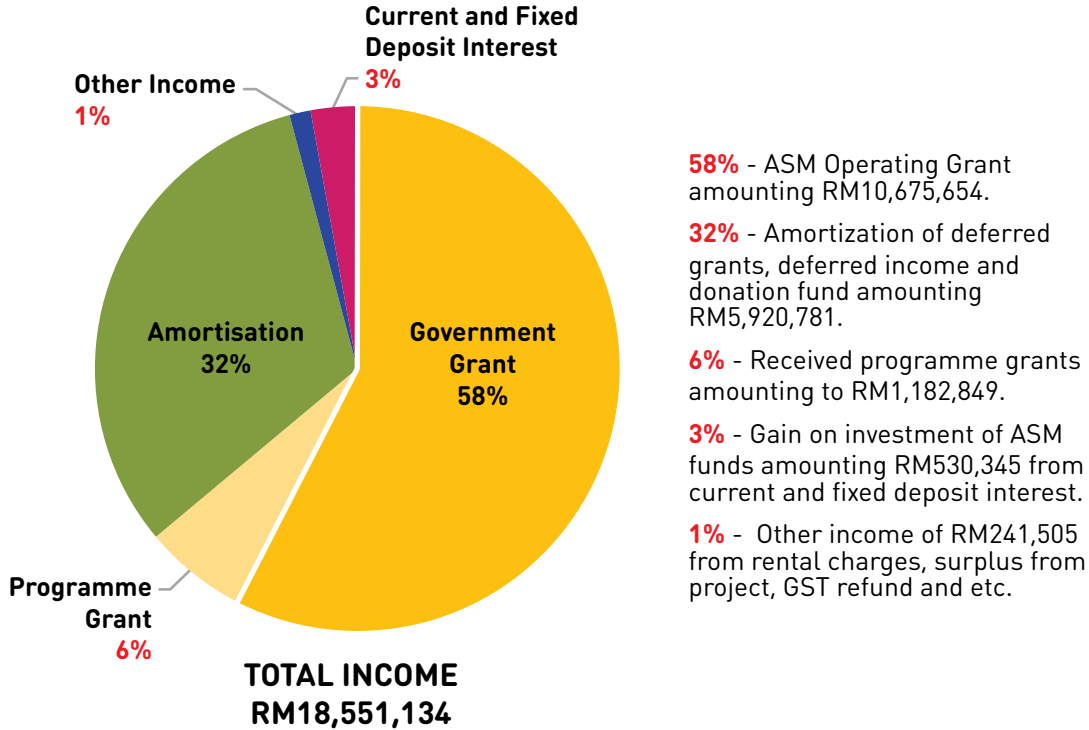


ASM FINANCIAL POSITION COMPARISON FOR 3 YEARS

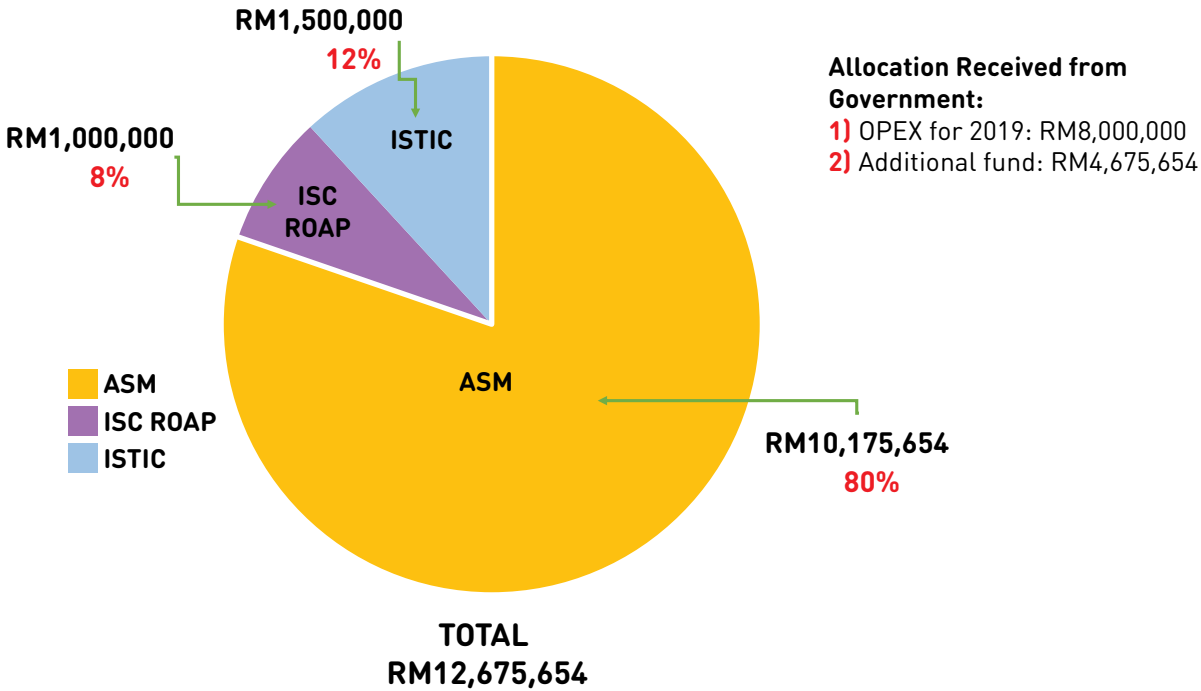


ASM FINANCIAL PERFORMANCE

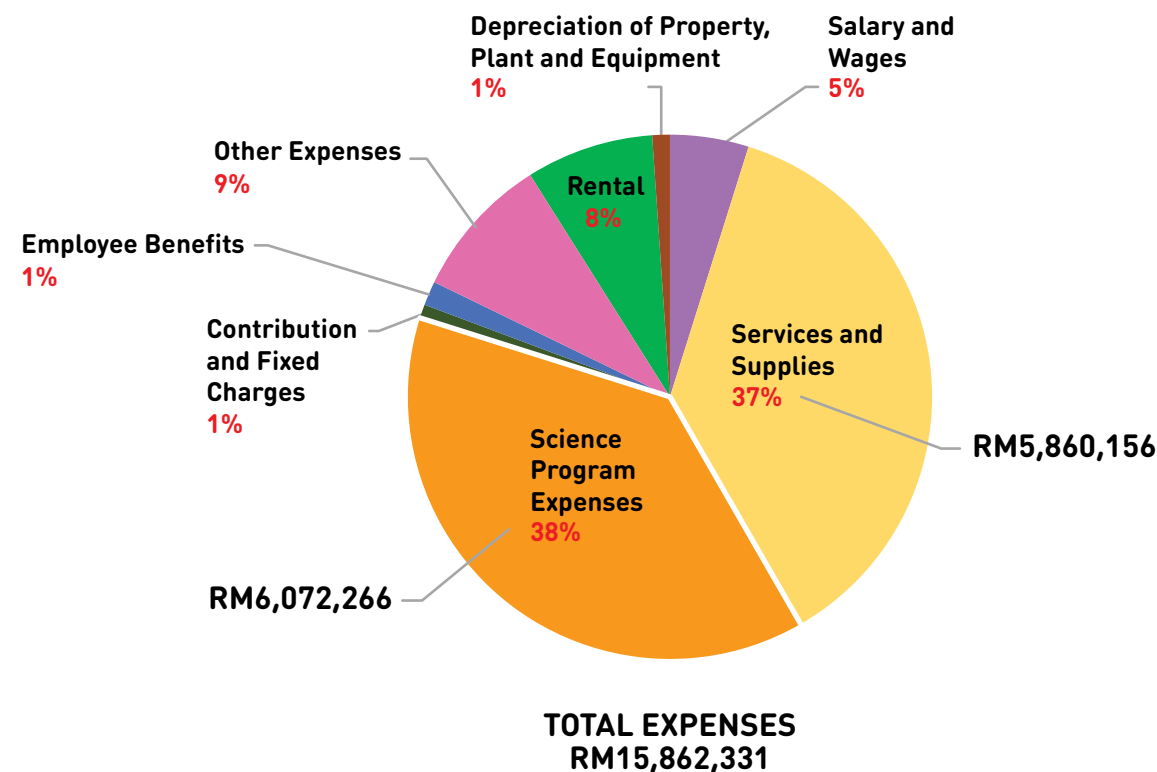
SOURCE OF ASM INCOME



DISTRIBUTION OF ASM OPERATING GRANT



ASM FINANCIAL PERFORMANCE



- 38% - Science Programme Expenses** amounting **RM6,072,266** is the activities undertaken by ASM to fulfill the 14 functions of ASM as stipulated in the Malaysian Academy of Sciences Act 1994.
- 37% - Services and Supplies** expenses amounting **RM5,860,156** are comprises of ASM's operating expenses which are administrative expenses, wages and salaries for contract staff, science communication, membership including international affairs.
- 9% - Other Expenses** amounting to **RM1,362,201** consist of fees, insurance, accrued interest and bad debt.
- 8% - Rental** expenses amounting **RM1,251,995**.
- 5% - Salary and Wages** for permanent staff amounting **RM771,506**.
- 1% - Employee Benefits** consist of employee replacement leave and gratuity amounting **RM237,644**.
- 1% - Depreciation of Asset (Property, Plant and Equipment)** amounting **RM172,332**.
- 1% - Contribution and Fixed Charges** consist of contribution to KSKK ASM, pension and yearly international subscription amounting **RM134,231**.



CERTIFICATE OF THE AUDITOR GENERAL
ON THE FINANCIAL STATEMENTS OF
ACADEMY OF SCIENCES MALAYSIA
FOR THE YEAR ENDED 31 DECEMBER 2019

Certificate on the Audit of the Financial Statements

Opinion

I have audited the Financial Statements of the Academy of Sciences Malaysia, which comprise the Statement of Financial Position as at 31 December 2019 and the Statement of Financial Performance, Statement of Changes in Net Assets, Statement of Cash Flows and Statement of Comparison Budget and Actual for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages 3 to 36.

In my opinion, the accompanying financial statements give a true and fair view of the financial position of the Academy of Sciences Malaysia as at 31 December 2019, and of its financial performance and its cash flows for the year then ended in accordance with the Malaysia Public Sector Accounting Standards (MPSAS), Academy of Sciences Malaysia Act 1994 (Act 524) and Academy of Sciences Malaysia Regulations 1995.

Basis for Opinion

The audit was conducted in accordance with the Audit Act 1957 and the International Standards of Supreme Audit Institutions. My responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of my certificate. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Independence and Other Ethical Responsibilities

I am independent of the Academy of Sciences Malaysia and I have fulfilled our other ethical responsibilities in accordance with the International Standards of Supreme Audit Institutions.

Information Other than the Financial Statements and Auditor's Certificate Thereon

The Council of the Academy of Sciences Malaysia is responsible for the other information in the Annual Report. My opinion on the Financial Statements of the Academy of Sciences Malaysia does not cover other information than the Financial Statements and Auditor's Certificate thereon and I do not express any form of assurance conclusion thereon.

Responsibilities of the Council for the Financial Statements

The Council is responsible for the preparation of Financial Statements of the Academy of Sciences Malaysia that give a true and fair view in accordance with Malaysia Public Sector Accounting Standards (MPSAS) and Academy of Sciences Malaysia Act 1994 (Act 524) and Academy of Sciences Malaysia Regulations 1995. The Council is also responsible for such internal control as it is necessary to enable the preparation of the Financial Statements of the Academy of Sciences Malaysia that are free from material misstatement, whether due to fraud or error.

In preparing the Financial Statements of the Academy of Sciences Malaysia, the Council are responsible for assessing the Academy of Sciences Malaysia ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting.

Auditor's Responsibilities for the Audit of the Financial Statements

My objectives are to obtain reasonable assurance about whether the Financial Statements of the Academy of Sciences Malaysia as a whole are free from material misstatement, whether due to fraud or error, and to issue Auditor's Certificate that includes my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the International Standards of Supreme Audit Institutions 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 the International Standards of Supreme Audit Institutions, I exercise professional judgement and maintain professional scepticism throughout the audit. I also:


- a. Identify and assess the risks of material misstatement of the Financial Statements of the Academy of Sciences Malaysia, 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 my 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.
- b. 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 Group's and the Academy of Sciences Malaysia internal control.
- c. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Council.
- d. Conclude on the appropriateness the Council 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 of the Academy of Sciences Malaysia ability to continue as a going concern. If I conclude that a material uncertainty exists, I have to draw attention in my Auditor's Certificate to the related disclosures in the Financial Statements of the Academy of Sciences Malaysia or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of Auditor's Certificate.
- e. Evaluate the overall presentation of the Financial Statements of the Academy of Sciences Malaysia, including the disclosures, and whether the Financial Statements of the Academy of Sciences Malaysia represents the underlying transactions and events in a manner that achieves fair presentation.

I communicate with the Council regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control identified during my audit.

Other Matters

Academy of Sciences Malaysia did not prepare the Financial Regulations as stated in Section 12 (6) Academy of Sciences Malaysia Regulations 1995 in which the Council shall appoint working committees and working groups, as and when it deems necessary, in order to facilitate the efficient and effective operation of the Academy. The Council shall draw up the procedure for the conduct of the working committees and working groups. The audit of the financial statements carried out shows that the Financial and Accounting Procedures of the Academy of Sciences Malaysia effective from 31 July 2004 have not been updated based on the working procedures currently in use. The Council must approve the Standard Operating Procedure (SOP) adopted at the Academy of Sciences Malaysia. Academy of Sciences Malaysia must ensure that the Financial and Accounting Procedures and Standard Operating Procedure (SOP) adopted by Academy of Sciences Malaysia are updated and officially approved so that it is valid as a guide to the work procedures carried out.

This certificate is made solely to the Council in accordance with Academy of Sciences Malaysia Act 1994 (Act 524) and Academy of Sciences Malaysia Regulations 1995 and for no other purpose. I do not assume responsibility to any other person for the content of this certificate.



(MOHD NASRI BIN MOHD NASIR)
ON BEHALF OF AUDITOR GENERAL

PUTRAJAYA
15 SEPTEMBER 2020



Academy of Sciences Malaysia

PENYATA PRESIDEN DAN BENDAHARI KEHORMAT AKADEMI SAINS MALAYSIA STATEMENT BY PRESIDENT AND HONORARY TREASURER OF THE ACADEMY OF SCIENCES MALAYSIA

Kami, PROFESSOR DATUK DR. ASMA BINTI ISMAIL FASc dan DATUK DR. ABDUL RAZAK BIN MOHD ALI FASc, yang merupakan Presiden dan Bendahari Kehormat AKADEMI SAINS MALAYSIA (ASM) dan juga Ahli Majlis, dengan ini menyatakan bahawa, pada pendapat Majlis ASM, Penyata Kedudukan Kewangan, Penyata Prestasi Kewangan, Penyata Perubahan Aset Bersih, Penyata Aliran Tunai dan Penyata Perbandingan Bajet dan Sebenar yang berikut ini berserta dengan nota-nota kepada Penyata Kewangan didalamnya adalah disediakan untuk menunjukkan pandangan yang benar dan saksama kedudukan ASM pada 31 Disember 2019 dan hasil kendaliannya serta perubahan kedudukan kewangannya bagi tahun berakhir pada tarikh tersebut.

We, PROFESSOR DATUK DR. ASMA BINTI ISMAIL FASc and DATUK DR. ABDUL RAZAK BIN MOHD ALI FASc, being the President and Honorary Treasurer of the ACADEMY OF SCIENCES MALAYSIA (ASM) as well as Council Members, do hereby declare that, in the opinion of ASM Council, the Statement of Financial Position, Statement of Financial Performance, Statement of Changes in Net Assets, Statement of Cash Flows and Statement of Comparison Budget and Actual together with the notes contained therein are drawn up in order to give a true and fair view of the financial position of ASM as at 31 December 2019 and the resulting revenues and changes in the financial position of the period ending on that date.

Bagi pihak Majlis
On behalf of the Council



PROFESSOR DATUK DR. ASMA BINTI
ISMAIL FASc
Presiden / President

Akademi Sains Malaysia / Academy of
Sciences Malaysia

Bagi pihak Majlis
On behalf of the Council



DATUK DR. ABDUL RAZAK BIN
MOHD ALI FASc
Bendahari Kehormat / Honorary
Treasurer

Akademi Sains Malaysia / Academy
of Sciences Malaysia

KUALA LUMPUR, MALAYSIA

Tarikh / Date: 15 SEP 2020

Menara MATRADE
Tingkat 20, Sayap Barat
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Off Jalan Tuanku Abdul Halim
50480 Kuala Lumpur
+6 03 6203 0633 T
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Academy of Sciences Malaysia

PENGAKUAN OLEH KETUA PEGAWAI EKSEKUTIF KE ATAS PENGURUSAN KEWANGAN AKADEMI SAINS MALAYSIA

DECLARATION BY CHIEF EXECUTIVE OFFICER ON THE FINANCIAL MANAGEMENT OF THE ACADEMY OF SCIENCES MALAYSIA

Saya, **HAZAMI BINTI HABIB**, No. K/P 660619-08-5516 pegawai utama yang bertanggungjawab ke atas pengurusan kewangan dan rekod-rekod perakaunan AKADEMI SAINS MALAYSIA (ASM), dengan ikhlasnya mengakui bahawa Penyata Kedudukan Kewangan, Penyata Prestasi Kewangan, Penyata Perubahan Aset Bersih, Penyata Aliran Tunai dan Penyata Perbandingan Bajet dan Sebenar dalam kedudukan kewangan yang berikut ini berserta dengan nota-nota kepada penyata kewangan didalamnya mengikut sebaik-baik pengetahuan dan kepercayaan saya, adalah betul dan saya membuat ikrar ini dengan sebenarnya mempercayai bahawa adalah benar dan atas kehendak-kehendak Akta Akaun Berkanun, 1960.

I, HAZAMI BINTI HABIB, NRIC No:660619-08-5516 being the officer primarily responsible for the financial management of the ACADEMY OF SCIENCES MALAYSIA (ASM), do solemnly and sincerely declare that the Statement of Financial Position, Statement of Financial Performance, Statement of Changes in Net Assets, Statement of Cash Flows and Statement of Comparison Budget and Actual together with the notes therein, are the best of my knowledge and belief, correct, and I make this solemn declaration conscientiously believing the same to be true and by virtue of the provisions of the Statutory Declarations Act 1960.

Sebenarnya dan
sesungguhnya diakui oleh
penama di atas di Kuala
Lumpur, Malaysia
*Subscribed and solemnly
declared by the abovenamed
at Kuala Lumpur, Malaysia*


HAZAMI BINTI HABIB

Tarikh / Date : 15 SEP 2020




Di hadapan saya / Before me :

Menara MATRADE
Tingkat 20, Sayap Barat
Jalan Sultan Haji Ahmad Shah
Off Jalan Tuanku Abdul Halim
50480 Kuala Lumpur

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+6 03 6203 0634 F

Lot 1.08, Tingkat 1,
Bangunan KWSP, Jin Raja Lau...
50350 Kuala Lumpur,
Tel: 011-6360145
gov.my

STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2019

	Note	2019 RM	2018 RM <i>(As Restated)</i>	01.01.2018 RM <i>(As Restated)</i>
ASSETS				
Current Assets				
Cash and Balance at Bank	3	596,349	1,154,784	748,589
Fixed Deposit	4	20,795,161	51,677,584	56,670,263
Short Term Deposit	5	-	618,810	109,515
Receivables under Exchangeable Transactions	6	7,379	3,628,782	788,406
Other Receivables	7	136,821	1,697,515	965,259
Total Current Assets		21,535,710	58,777,475	59,282,032
Non-current Assets				
Property, Plant and Equipment	8	3,551,676	3,604,028	3,652,122
Work in Progress	9	21,526	-	-
Total Non-current Assets		3,573,202	3,604,028	3,652,122
TOTAL ASSETS		25,108,912	62,381,503	62,934,154
LIABILITIES				
Current Liabilities				
Payables under Exchangeable Transactions	10	942,497	4,916,004	7,851,454
Employee Benefits	11	229,395	178,837	153,246
Donation Fund	12	337,385	245,202	171,856
Deferred Income	13	1,438,383	867,295	608,953
Provision for Tax	25	214,676	-	-
Total Current Liabilities		3,162,336	6,207,338	8,785,509
Non-current Liabilities				
Employee Benefits	11	23,586	21,818	18,061
Deferred Grants	14	10,613,173	47,182,050	47,967,506
Deferred Grants - International Office	15	1,589,745	1,664,872	1,488,238
Total Non-current Liabilities		12,226,504	48,868,740	49,473,805
TOTAL LIABILITIES		15,388,840	55,076,078	58,259,314
NET ASSETS		9,720,072	7,305,425	4,674,840
NET ASSET				
Accumulated Surplus		9,720,072	7,305,425	4,674,840
TOTAL NET ASSETS		9,720,072	7,305,425	4,674,840

STATEMENT OF FINANCIAL PERFORMANCE
FOR THE YEAR ENDED 31 DECEMBER 2019

	Note	2019 RM	2018 RM <i>(As Restated)</i>
INCOME			
Non-exchangeable Transactions	16	17,892,773	25,355,785
Exchangeable Transactions	17	658,361	1,605,092
TOTAL INCOME		<u>18,551,134</u>	<u>26,960,877</u>
EXPENSES			
Salaries and Wages	18	771,506	641,583
Services and Supplies	19	5,860,156	5,647,536
Science Program Expenses	20	6,072,266	16,246,953
Contribution and Fixed Charges	21	134,231	102,324
Employee Benefits	22	237,644	182,594
Other Expenses	23	1,362,201	86,652
Rental	24	1,251,995	1,196,021
Depreciation of Property, Plant and Equipment	8	172,332	226,629
TOTAL EXPENSES		<u>15,862,331</u>	<u>24,330,292</u>
SURPLUS BEFORE TAX		<u>2,688,803</u>	<u>2,630,585</u>
Tax	25	274,156	-
SURPLUS AFTER TAX		<u><u>2,414,647</u></u>	<u><u>2,630,585</u></u>

STATEMENT OF CHANGES IN NET ASSETS
FOR THE YEAR ENDED 31 DECEMBER 2019

	Note	Accumulated Surplus RM	Total RM
Balance as at 01 January 2018 - <i>(As Stated Previously)</i>		1,652,074	1,652,074
Prior Year Adjustment	31	<u>3,022,766</u>	<u>3,022,766</u>
Balance as at 01 January 2018 - <i>(As Restated)</i>		4,674,840	4,674,840
Surplus Income on Expenditure - <i>(As Restated)</i>		2,630,585	2,630,585
Balance as at 31 December 2018 - <i>(As Restated)</i>		<u>7,305,425</u>	<u>7,305,425</u>
Surplus Income on Expenditure		2,414,647	2,414,647
Balance as at 31 December 2019		<u><u>9,720,072</u></u>	<u><u>9,720,072</u></u>

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2019

	2019 RM	2018 RM <i>(As Restated)</i>
<u>CASH FLOWS FROM OPERATING ACTIVITIES</u>		
Surplus before Tax	2,688,803	2,630,585
Adjustment:		
Tax Paid	(15,279)	-
Previous Year's Tax Payment	(44,201)	-
Depreciation of Property, Plant and Equipment	172,332	226,629
Interest from Short Term Deposits and Fixed Deposits	(530,345)	(1,058,326)
Accrued Interest	133,204	846,945
Reversal of Fixed Deposit Interest	846,945	-
Adjustment from Property and Equipment Write off	5,014	2,391
Profit from Disposal of Property, Plant and Equipment	(1,771)	(2,396)
Bad Debts	500,000	-
Amortisation of Deferred Income	(10,091)	-
Adjustment of Employee Benefits	52,326	29,348
Amortisation of Deferred Grant	(1,479,550)	(81,395)
Deficit from Operation Before		
Changes in Working Capital	2,317,387	2,593,781
Decrease/ (Increase) in Receivable from		
Exchangeable Transactions	4,682,097	(3,572,632)
Decrease in Payables from		
Exchangeable Transactions	(3,973,507)	(2,935,450)
Net Cash from Operating Activities	<u>3,025,977</u>	<u>(3,914,301)</u>
<u>CASH FLOWS FROM INVESTMENT ACTIVITIES</u>		
Income from Disposal of Property, Plant and Equipment	1,771	2,419
Purchase of Property, Plant and Equipment	(124,994)	(180,949)
Work in Progress	(21,526)	-
Interest Received	(449,804)	221,381
Net Cash from Investment Activities	<u>(594,553)</u>	<u>32,851</u>
<u>CASH FLOWS FROM FINANCING ACTIVITIES</u>		
Proceeds from Donation	98,233	73,346
Repayment of Donation	(6,050)	-
Proceeds from Deferred Income	1,931,363	1,688,729
Repayment of Deferred Income	(1,350,184)	(1,430,387)
Proceeds from Deferred Grant	7,498,227	9,029,816
Repayment of Deferred Grant	(42,587,554)	(9,733,877)
Proceeds from Deferred Grant - International	2,505,000	2,334,548
Repayment of Deferred Grant - International	(2,580,127)	(2,157,914)
Net Cash from Financing Activities	<u>(34,491,092)</u>	<u>(195,739)</u>
DECREASE IN CASH AND CASH EQUIVALENTS	(32,059,668)	(4,077,189)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE FINANCIAL YEAR	53,451,178	57,528,367
CASH AND CASH EQUIVALENTS AT THE END OF THE FINANCIAL YEAR	<u>21,391,510</u>	<u>53,451,178</u>
<u>CASH AND CASH EQUIVALENTS:</u>		
Fixed Deposit	20,795,161	51,677,584
Cash and Balance at Bank	596,349	1,154,784
Short Term Deposit	-	618,810
	<u>21,391,510</u>	<u>53,451,178</u>

STATEMENT OF COMPARISON BUDGET AND ACTUAL
FOR THE YEAR ENDED 31 DECEMBER 2019

	Total Budget Initial 2019 RM	Final 2019 RM	Total Actual 2019 RM	Variance Budget 2019 RM	Note
					(a)
RECEIPTS					
Non-exchangeable Transactions					
Government Grant	10,646,932	9,498,407	10,675,654	1,177,247	
External Contributions	542,700		-	-	
Exchangeable Transactions					
Other Income	-	-	81,148	81,148	
	11,189,632	9,498,407	10,756,802	1,258,395	
					(b)
PAYMENTS					
Salaries and Wages	973,156	683,759	771,506	87,747	
Services and Supplies	9,498,638	8,147,721	7,736,479	(411,242)	
Fixed Asset	33,850	33,850	124,994	91,144	
Contribution and Fixed Charges	337,150	568,329	134,231	(434,098)	
Other Expenses	346,838	64,748	59,457	(5,291)	
	11,189,632	9,498,407	8,826,667	(671,740)	
	-	-	1,930,135	1,930,135	

*Referring to the variance between Final Budget Amount and Actual Amount.

Nota (a):

(a) The significant variance in the operating grant received from the Government in the year 2019 was due to insufficient of allocation. An appeal for an additional allocation by ASM was later approved by MESTECC and MOF on 6 September 2019 which was later added to the 2019 budget.

Nota (b):

(b) As the appealed additional allocation for 2019 was only received in end of quarter 4, many of ASM planned activities were either postponed to the following year or canceled. This resulted decrease of expenditure and significant variance in the spending.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED ON 31 DECEMBER 2019

(1) GENERAL INFORMATION

a) ASM Establishment and Main Objectives

The Academy of Sciences Malaysia (ASM) was established under Act 524. The objective of ASM is to pursue, encourage and enhance excellence in the fields of Science, Engineering, and Technology (SET) for the development of the nation and benefit of mankind.

b) Functional Currency for Financial Statements

The financial statements is presented in Malaysian Ringgit (“RM”) which is the functional and presentation currency of ASM. Thus, all financial information is presented in RM.

c) Date of Approval of Financial Statements

ASM Financial Statements for the year ended on 31 December 2019 was approved by ASM Council on 15 September 2020.

2) ACCOUNTING POLICIES

a) Basis of Preparation of Financial Statements

The Financial Statements of ASM is prepared under the conventional historical cost in compliance with the Malaysian Public Sector Accounting Standards (MPSAS).

This is the fourth year the financial statements is prepared based on MPSAS. ASM adopted MPSAS on 1 January 2015 (earlier than the effective date of 2020). The adoption of MPSAS required application of all MPSAS standards in the preparation of the Financial Statements for the Financial Year Ended on 31 December 2016, Comparative Statements for the Preceding Year Ended on 31 December 2015 and the balance of the Statement of Financial Position as at the date of the transition to MPSAS. Previously, ASM Financial Statements was prepared based on Public Entity Reporting Standards (PERS).

The preparation of financial statements requires judgments, estimates, and assumptions that affect the use of policies and the reported amounts of assets, liabilities, revenues, and expenses.

Estimates and assumptions used will be reviewed on an ongoing basis. Revision to accounting estimates will be recognised in the revised accounting period if the revision affects that period, or the period in review and future periods if the revision affects the current and future periods.

Where these judgments, estimates, and assumptions have significant impact on the amounts recognised in the financial statements, they will be disclosed in Note 2(p) Critical Accounting Considerations and Sources of Estimation Uncertainty in the financial statements.

b) Income Recognition

Income from Non-exchangeable Business Transactions

Non-exchangeable business transactions will be recognised as an asset when there are future economic benefits expected to flow to the entity as a result of historical event and the cost or value of the asset can be measured reliably. Non-exchangeable business transactions recognised as an asset shall be recognised as income except when there’s a liability that is also being recognised for the same transaction as a delayed transaction in the Financial Statements. When the obligations towards liabilities are met, the entity shall reduce the liabilities amount and recognise the income amount as equivalent to the amount reduced.

Income from non-exchangeable business transactions are as follows:

i. Government Grants

Government Grants which are not subjected to certain future performance conditions such as the operating grant are recognised as income in the financial statements. Government grants subject to certain future performance conditions such as development grants are recognised as deferred grants to be amortised as income with the liability valued at its carrying amount. Grants are amortised on a straight-line basis over their estimated useful life.

ii. Donation Fund

Donations which are not subjected to certain future performance conditions are recognised as an income in the financial statements. Funds subject to certain future performance conditions are recognised as liabilities to be amortised as an income with the liability valued at its carrying amount. Funds are amortised on a straight-line basis over their estimated useful lives.

Income from Exchange Transactions

Income from exchange transactions are recognised when there are possibilities for the future economy expected to flow to the entity and the benefits can be measured reliably.

Income from exchange transactions are as follows:

i. Income Derived from Interest and Other Investment

Income derived from fixed deposits are recognised based on current exchange rates taking into consideration of an effective return of investment. The rate of return of investment on asset is the profit rate required to discount the future cash inflow expectation throughout the life expectancy of the respective asset to be equalised with the brought forward value of the asset.

Income derived from interest gained from conventional deposits and investments are recognised on accrual basis.

2) ACCOUNTING POLICIES (CONT.)

ii. Rental

Income from the rental is recognised when it is received in accordance with the rental agreement.

iii. Other Revenue/Income

Other incomes are recognised when services are provided.

c) Property, Plant and Equipment

Property, Plant and Equipment are stated at cost less accumulated depreciation and impairment losses. Cost includes all of the direct costs to bring the asset to working condition for its intended use by the management. The cost of replacement of any asset that requires replacement at regular intervals will be capitalised. The carrying amount of those parts replaced will be derecognised in accordance with derecognition provision. The cost of day-to-day servicing will be recognised as an expense in the financial statement.

Property, plant and equipment of value over RM1,000 and above or in need of regular maintenance will be capitalised as property, plant and equipment.

If an asset is acquired through a non-exchange transaction, the cost should be measured at its fair value as of the acquisition date. These assets will be recognised in the financial statements unless there is a condition for the use of the asset, current liability will be recognised.

The carrying value of property, plant and equipment items should be derecognised at disposal or when no future economic benefits or potential services are expected from their use or disposal.

The gain or loss on the derecognition of property, plant and equipment is the difference of the proceeds and the carrying amount of the asset and its differences are recognised as profit or loss in the financial statements.

Depreciation for property, plant and equipment are calculated based on a straight-line basis over their accumulated useful life at the following rates:-

Building	1.67%
Office Renovation	10%
Motor Vehicle	20%
Office Equipment	20%
Computer	20%

Full depreciation is charged in the year of purchase of property, plant and equipment. The net balance of each property, plant and equipment should not be less than RM1. If there are significant changes in the factors that affects the residual value, changes in the expected useful life or pattern of consumption of benefits since the last financial year, the carrying amount, depreciation method and the useful life of the asset will be reviewed and adjusted prospectively.

Work in progress consists of work involving property and equipment that has not been completed until the end of the current financial year. Work in progress is stated at cost and is not depreciated until the asset is ready for use.

d) Impairment of Non-financial Assets

i. Cash Generating Assets

At each reporting date, ASM assesses the carrying value of its assets to determine whether there is any indication of impairment. If any indication exists, impairment is calculated by comparing the carrying amount of the asset with its recoverable amount. Recoverable amount is the highest value of the asset’s fair value less costs to sell and its value in use.

In determining value in use, future cash flows are discounted to their present value using a pre-tax discount rate that reflects the current market value and specific risks associated with the asset. In determining fair value less costs to sell, most recent market transactions will be considered, if any. If there are no recent market transactions, an appropriate valuation model should be used.

An impairment loss is recognised as an expense on an ongoing surplus or deficit when the carrying amount of an asset exceeds its recoverable amount unless the asset is carried at revalued amount. Any impairment loss on a revalued asset will be reduced to the extent that the revaluation surplus is not used for the same asset.

ii. Non-cash Generating Assets

ASM will evaluate at each reporting date whether there is any indication that a non-cash-generating asset may be impaired. If any indication exists, then ASM will make an estimate of the total asset recovery service. The asset’s recoverable amount is the highest of its fair value less costs to sell and value in use.

An impairment loss is recognised as a reduction in its surplus or as an expense when the carrying amount of an asset exceeds its recoverable amount.

In determining value in use, ASM has adopted depreciated replacement cost approach. Under this approach, the present value of the asset’s remaining balance potential is determined as the cost of replacing the depreciated asset. Depreciation expense will be measured by taking into account the cost of replacement of the asset less accumulated depreciation calculated on that cost to reflect the potential use of the asset that has been used or expired.

In determining fair value less costs to sell, the price of an asset in a binding agreement in an arm’s length transaction is adjusted to determine the disposal price of the asset. If no binding agreement exists, but the asset is actively traded on the market, the fair value of the cost of the sale is determined by reference to the current market value less the cost of disposal. If there is no binding sale agreement or active market for the asset, ASM determines the fair value less costs to sell based on the best available information.

2) ACCOUNTING POLICIES (CONT.)

For each asset, an assessment is made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or have diminished. If such an indication exists, ASM estimates the amount of asset’s recoverable service amount. The previously recognised impairment loss will be reversed only if there has been a change in the assumptions used to determine the amount of the asset’s recoverable service since the last impairment loss was recognised. A reversal is limited to the carrying amount of the asset not exceeding the recoverable amount of the service, or the carrying value of the asset net of depreciation and had no impairment loss being recognised for the asset in prior years.

e) Financial Assets

Financial assets are recognised in the financial statements when ASM participates in the contractual provisions of the instrument.

In the initial recognition, financial assets are measured at fair value, including transaction costs for financial assets that are not measured at fair value through profit or loss which are directly attributable to the issuance of financial assets.

Following initial recognition, financial assets will be classified into one of four categories of financial assets, namely financial assets measured at fair value through profit or loss, loans and receivables, held-to-maturity investments and ready-to-sell financial assets.

The purchase or sale of a financial asset that requires the surrender of the asset within the time frame stipulated by the rules or conventions in the market will be recognised on the date the transaction is made, which is the date on which ASM makes a commitment to buy or sell the asset.

ASM has only the following financial asset categories:

i. Loans and Receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in the active market. After the initial measurement, the financial assets are subsequently measured at amortised cost using the effective interest method and less impairment. An amortised cost is calculated using any discount or premium on the purchase of the asset as well as fees or costs that are part of the effective interest rate. Losses arising on impairment are recognised in the profit or loss.

ii. Held-to-maturity Investments

Non-derivative financial assets with fixed or determinable payments maturity and are classified as held for maturity when ASM has a positive intention and ability to hold to maturity. After initial measurement, the holding to maturity of the investment is measured at amortised cost using

the effective interest method and less impairment. The amortisation cost is calculated taking into account any discount or premium on the acquisition and fees or costs that are part of the effective interest rate. Impairment losses are recognised in the financial statements.

iii. Impairment of Financial Assets

At the end of each reporting period, ASM will evaluate whether there is any objective evidence that the financial assets need to be impaired. Objective evidence includes:

- (i) significant financial difficulties by borrowers; or
- (ii) payment in arrears; or
- (iii) the possibility that the borrower will go bankrupt; or
- (iv) data indicating decline in future cash flow estimates.

For a financial asset category that is measured at amortised cost, if no objective evidence exists for a significant individual, then all assets in ASM with similar risk characteristics regardless of whether they are significant, will be evaluated collectively to determine whether it needs to be impaired.

An impairment loss, in respect of a financial asset measured at amortised cost, is measured as the difference between the carrying amount of the asset and its present value of estimated cash flow at the original effective interest rate. The carrying value of the asset is reduced through the use of an allowance account. Any impairment loss is recognised in profit or loss immediately. If, at any time, circumstances that led to the impairment no longer exist, the previously recognised impairment loss will be reversed directly in the allowance account. This reversal is recognised in the profit or loss immediately.

iv. Derecognition of Financial Asset

Financial assets are derecognised when the contractual right to cash flow from the financial assets expires or is settled and ASM transfers significant risks and rewards of ownership of the financial assets to another.

On the derecognition of financial assets as a whole, the difference between the carrying amount and the amount of consideration received is recognised in the surplus or deficit during the period of the derecognition.

f) Cash and Cash Equivalents

The cash flow statement was prepared using the indirect method. Cash and cash equivalents consist of cash in hand and cash at banks as well as high-risk investments with licensed banks and financial institutions with 12-month or less maturity that are readily convertible to known amounts of cash which are subject to an insignificant risk of changes in value.

2) ACCOUNTING POLICIES (CONT.)

g) Employee Benefits

i. Short Term Employee Benefits

In general, ASM as a Federal Statutory Body is guided by the Public Service Department (JPA)’s employment regulations adopted by ASM and ASM’s own policies. The short-term employee benefits provided are basic salaries, fixed allowances, non-fixed allowances, and various leaves including annual leave, medical benefits and insurance.

Short-term employee benefits including salaries, wages, allowances, statutory contributions and employment injury scheme and invalidity scheme (SOCSO) are recognised as an expense in the year in which the related services are provided by employees. Unutilised paid leave such as annual leave can be accumulated and carried forward to the next servicing year of the employee. Whereas for leaves that are not able to be carried forward such as sick leave, may only be taken as and when the employee applies.

ii. Post-employment Pension Benefits
Employees’ Provident Fund (EPF)

ASM makes EPF contributions according to the rates and conditions set by EPF. The contribution rates used by ASM are 12% and 13% for employees under 60, whereas for employees 60 years and above, the contribution rates are 4% and 6%, respectively. The contribution rate is also applicable to permanent employees who opted for EPF contribution.

Kumpulan Wang Persaraan (KWAP)

ASM also makes contributions to public services pension fund for permanent staff who opted for pension. The contribution rate is 17.5%. as set by KWAP.

iii. Paid Leave and Compensation for Employees
Permanent Employees

ASM permanent employees will receive a reimbursement for annual leave (compensated absences / Gantian Cuti Rehat (GCR)) upon their retirement whether they chose a pension scheme or EPF. This reward is based on the JPA Service Circular adopted by ASM.

Reimbursement of annual leave is calculated based on the following formula:

$$1/30 \times \text{salary} + \text{allowances (ITP, ITKA/ keraian)} \times \text{Number of leave accumulated}$$

(subject to a maximum limit of 150 days).

Note:

- imbuhan tetap perumahan (ITP)
- imbuhan tetap khidmat awam (ITKA) / keraian

Contract Employees

ASM pays gratuity for each Contract of Service (CoS) according to the terms and conditions of the respective contract. ASM CoS employees are paid cash awards in lieu of leave (GCR) up to 6-days within a contract period. Remuneration and GCR payments for contract employees are

in accordance with the terms and conditions set out in the civil service circular.

h) Contra of Financial Instrument

Financial assets and financial liabilities are only contravened if, and only if, there is a legal right to offset them and have the purpose of settling them to their net worth or to realize the assets and settle the liabilities simultaneously.

i) Goods and Services Tax (GST) and Sales and Services Tax (SST)

The implementation of the Goods and Services Tax (GST) took effect on 1 April 2015. ASM registered with the Royal Malaysian Customs Department on 29 December 2014 with reference number 001836703744 and later the GST was abolished by the government on 30 June 2018. The Sales and Service Tax (SST) was later re-implemented on 1 September 2018.

j) Budget Information

The annual budget is prepared on a cash basis. As the financial statements are prepared on an accrual basis, a Budget and Actual Comparison Statement is disclosed separately. The statement is prepared using the basis of the annual budget prepared and only refers to the operational budget.

The budget presented is for ASM’s reference and was approved by ASM Council.

k) Provisions and Liabilities

Provisions are recognised when ASM has current (legal or constructive) obligations as a result of past events, and it is probable that an outflow of resources containing economic benefits will be required to settle the obligation and that the amount of the obligation can be estimated reliably. When ASM expects some or all of the provision to be repaid, the allocation-related expenses are presented in excess of or deductible from any refund.

l) Related Parties

ASM regards a related party as a person or entity with the ability to exercise control individually or collectively or to exercise significant influence over ASM, or vice versa. ASM Management’s key employees, President and members of the ASM Council are considered as related parties.

m) Contingent Liabilities and Contingent Assets

A contingent liability is an unrecognised current obligation as there is no probable source of outflow to resolve the obligation or in the rare case where the liability cannot be recognised because it cannot be reliably measured. Contingent liabilities are not recognised but are disclosed in the financial statements. Obligations arising from past events, whose existence can only be confirmed by the occurrence or non-occurrence of one or more uncertain events, are not under the control of the entire ASM, also disclosed as contingent liabilities unless the probability of an outflow of economic resources is small.

2) ACCOUNTING POLICIES (CONT.)

Contingent assets are assets that may arise from past events whose existence will only be confirmed in the event of the occurrence or the occurrence of one or more uncertain events in the future that are not within the control of ASM. ASM does not recognise contingent assets in the financial statements but discloses their existence where inflows of economic benefits are possible, but not certain.

n) Financial Liabilities

Financial liabilities are recognised in the statement of financial position when ASM is a party to the contractual provisions of the instrument.

In the initial recognition, financial liabilities are measured at fair value, including transaction costs for financial liabilities that are not measured at fair value through profit or loss, which are directly attributable to the issue of financial liabilities.

Following initial recognition, financial liabilities are classified into two categories of financial liabilities, namely financial liabilities measured at fair value through surplus or borrowings, loans and payables.

ASM has the following categories of financial liabilities:

Loans and Repayments

After initial recognition, loans and repayments are measured at amortised cost using the effective interest method. Gains or losses are recognised in profit or loss when financial liabilities are derecognised or impaired.

Effective interest rates are a method of calculating the cost of amortising your financial liabilities and to allocate interest expense over the relevant period. The effective interest rate is the discounted rate of estimated future cash payments due to the existence of a financial liability or, where appropriate, the shorter term, with the carrying amount of the financial liability.

A financial liability is recognised when the obligation specified in the contract has been discharged, canceled or expired.

Any discrepancy between the carrying amount of the deferred financial liability and the consideration paid is recognised in the surplus or deficit during the period of the derecognition.

o) Lease

Leases of property, plant and equipment are classified as finance leases when most of the risks and rewards of ownership of property, but not legal ownership, are transferred to ASM.

ASM initially recognises the right to use and its obligations under finance leases as assets and liabilities in the statement of financial position at an amount equal to the fair value of the leased asset or, if less, the present value of the minimum lease payments, determined at the beginning of the lease. Any initial direct costs are added to the amount recognised as an asset.

Minimum lease payments are divided between finance charges and the reduction of outstanding liabilities using the effective interest method. Monetary charges are allocated periodically throughout the lease term to generate a fixed-term interest rate on the balance of the liability.

The depreciation policy for a leasehold asset is consistent with the asset’s depreciable assets. If there is no reasonable assurance that ASM will acquire ownership by the end of the lease term, the leased asset will be fully depreciated over the term of the lease and its useful life. At each reporting date, ASM assesses whether the leasehold assets under finance lease are impaired.

Operating leases are recognised as an expense in the profit or loss on a straight-line basis over the lease term. The aggregate benefit of incentives provided by the lender is recognised as a reduction of rent expense over the lease term using the straight-line method.

p) Critical Accounting Considerations and Sources of Estimation Uncertainty

i. Critical Accounting Considerations

There are no critical accounting judgments that have material impact on the amounts recognised in the financial statements.

ii. Sources of Estimation Uncertainty

The key estimates of the future, and other key sources of budget uncertainty as of the reporting date, are significant risks that will result in significant adjustments to the carrying values of assets and liabilities in the next financial year.

Allocation Measurement

Budget Measurement Report (BMR) always uses the best estimates as the basis for measuring such an allocation. The estimates are based on past experience, other indications or assumptions, recent developments and reasonable future events in determining allocation.

Impairment Loss on Accounts Receivable

ASM evaluates at each reporting date whether there is any objective evidence that financial assets are impaired. To determine whether there is objective evidence of impairment, ASM considers factors such as insolvency and default or delay in payment. Where there is objective evidence of impairment, the amount and timing of future cash flows are estimated based on a history of loss experience for assets with similar credit risk characteristics.

Changes in Estimated Life Expectancy for Property, Plant and Equipment

All property, plant and equipment are depreciated on a straight-line basis over the life of the asset. Management estimates the life expectancy of property, plant and equipment over a period of five (5) to 60 years. Changes in the estimation of asset usage patterns and technology development can impact the life and residual value of those assets. This will result in a change of depreciation of the asset in the future.

3) CASH AND BANK BALANCE

	2019 RM	2018 RM (As Restated)
ASM		
Cash in Hand	3,953	3,041
Cash at Bank	592,396	936,129
Research, Development & Commercialisation Fund (R,D&C)		
Cash at Bank	-	215,614
	596,349	1,154,784

4) FIXED DEPOSITS

	2019 RM	2018 RM (As Restated)
ASM		
Fixed Deposit	20,795,161	8,019,270
Research, Development & Commercialisation Fund (R,D&C)		
Fixed Deposit	-	43,658,314
	20,795,161	51,677,584

Fixed deposits are made over a period of 12 months or less depending on ASM’s immediate cash requirements and benefit at Short Term Deposit Rates. The Average Effective Interest Rate Weight as of 31 December 2019 is 3.48% per annum (2018: 2.68% per annum).

5) SHORT TERM DEPOSITS

	2019 RM	2018 RM (As Restated)
Opus Shariah Cash Extra Fund:		
Number of Units	-	600,378
Market Value	-	618,810

Short-term deposits have a 12-month maturity period and interest at Short Term Deposit Rates. The Average Effective Interest Rate Weight as of 31 December 2018 is 1.03% per annum.

6) RECEIVABLES FROM EXCHANGE TRANSACTIONS

	2019 RM	2018 RM (As Restated)
Receivables	7,379	3,693,687
Deduct:		
Provision of Bad Debts	-	(64,905)
	7,379	3,628,782

Accounts Receivable are interest-free and generally range from one (1) day to 30 days. Accounts Receivable are recognised at Fair Value at the time of initial recognition. The amount expected to be recovered within 12 months will be recognised on the original invoice amount. Otherwise, it will be recognised on the Current Value of the original invoice amount.

Analysis of account receivable aging is as follows:

	2019 RM	2018 RM
Does not exceed duration and is not affected	6,250	174
1 to 3 months	729	864,850
3 to 12 months	-	2,821,863
More than 12 months	400	6,800
	7,379	3,693,687
Affected	-	(64,905)
	7,379	3,628,782

The movements in the provision of doubtful debt are as follows:

	2019 RM	2018 RM
Balance as at 31 December	-	64,905

7) OTHER RECEIVABLES

	2019 RM	2018 RM (As Restated)
Advances to Staff	3,617	8,703
Mahathir Science Award Foundation (MSAF)	-	500,000
Accrued Interest	133,204	846,945
Accrued Income	-	500
Goods and Services	-	341,367
Tax Receivable	136,821	1,697,515

8) PROPERTY, PLANT AND EQUIPMENT

	As at 1 January 2019 RM (As Restated)	Additions RM	Disposal/ Classification RM	As at 31 December 2019 RM
<u>COST</u>				
Building	3,399,000	-	-	3,399,000
Vehicle	477,148	-	-	477,148
Office Equipment	881,831	17,752	-	899,583
Computer	334,000	107,242	(55,228)	386,014
Office Renovation	3,851,640	-	-	3,851,640
	<u>8,943,619</u>	<u>124,994</u>	<u>(55,228)</u>	<u>9,013,385</u>
	As at 1 January 2019 RM (As Restated)	Additions RM	Disposal/ Classification RM	As at 31 December 2019 RM
<u>ACCUMULATED DEPRECIATION</u>				
Building	135,960	67,980	-	203,940
Vehicle	471,854	5,288	-	477,142
Office Equipment	833,554	25,220	-	858,774
Computer	246,298	43,130	(50,214)	239,214
Office Renovation	3,651,925	30,714	-	3,682,639
	<u>5,339,591</u>	<u>172,332</u>	<u>(50,214)</u>	<u>5,461,709</u>
	As at 1 January 2019 RM			
<u>NET CARRYING AMOUNT</u>				
Building	3,195,060			
Vehicle	6			
Office Equipment	40,809			
Computer	146,800			
Office Renovation	169,001			
	<u>3,551,676</u>			

8) PROPERTY, PLANT AND EQUIPMENT (CONT.)

	As at 1 January 2018 RM (As Previously Stated)	Additions RM	Disposal/ Classification RM	As at 31 December 2018 RM (As Restated)
<u>COST</u>				
Building	3,399,000	-	-	3,399,000
Vehicle	477,148	-	-	477,148
Office Equipment	888,460	24,319	(30,948)	881,831
Computer	484,933	37,904	(188,837)	334,000
Office Renovation	3,732,914	118,726	-	3,851,640
	<u>8,982,455</u>	<u>180,949</u>	<u>(219,785)</u>	<u>8,943,619</u>
	As at 1 January 2018 RM (As Previously Stated)	Additions RM	Disposal/ Classification RM	As at 31 December 2018 RM (As Restated)
<u>ACCUMULATED DEPRECIATION</u>				
Building	67,980	67,980	-	135,960
Vehicle	440,116	31,738	-	471,854
Office Equipment	795,750	68,747	(30,943)	833,554
Computer	395,676	37,050	(186,428)	246,298
Office Renovation	3,630,811	21,114	-	3,651,925
	<u>5,330,333</u>	<u>226,629</u>	<u>(217,371)</u>	<u>5,339,591</u>
	As at 31 December 2018 RM (As Restated)			
<u>NET CARRYING AMOUNT</u>				
Building	3,263,040			
Vehicle	5,294			
Office Equipment	48,277			
Computer	87,702			
Office Renovation	199,715			
	<u>3,604,028</u>			
9) WORK IN PROGRESS				
	2019 RM	2018 RM		
Additional One-off Grant	500,000	-		
Expenses	(21,526)	-		
Balance as at 31 December	<u>478,474</u>	<u>-</u>		

ASM received additional one-off grant from MESTECC for repairing of roof top at ASM Jalan Tun Ismail. The additional grant was received in quarter 4, 2019 and expected to be accomplished in 2020.

10) ACCOUNT PAYABLES FOR NON EXCHANGE
TRANSACTIONS

	2019 RM	2018 RM (As Restated)
Payables - Institution	905,128	1,022,505
Other Payables	18,750	242,475
Audit Fees	18,619	8,563
Interest of Research, Development and Commercialisation (R,D&C)	-	3,642,461
	<u>942,497</u>	<u>4,916,004</u>

ASM has been appointed as Project Monitoring Agency (PMA) for the Research, Development and Commercialisation (R,D&C) project since December 29, 2011. As the PMA, ASM is responsible for disbursing payment for research and development (R&D) projects based on the achievement milestone and Ministry’s approval. The R,D&C project was completed in 2018 and the remaining allocation was returned to the Government on 4 July 2019.

ASM places these funds in fixed deposits and the accumulated gain of investment are kept separately and owned by the Government.

11) EMPLOYEE BENEFITS

	2019 RM	2018 RM (As Restated)
Balance as at 01 January - (As Previously Stated)	200,655	378,385
Prior Year Adjustment	<u>-</u>	<u>(207,078)</u>
As at 01 January - (As Restated)	200,655	171,307
Add:		
Employee Benefit for the Year	237,644	297,767
Deduct:		
Employee Benefit Paid During the Year	(185,318)	(121,219)
Deduct:		
Adjustment	<u></u>	<u>(147,200)</u>
Balance as at 31 December	<u>252,981</u>	<u>200,655</u>

Employee Benefit for the year are as follow:

	2019 RM	2018 RM (As Restated)
Current Liability	229,395	178,837
Non-current Liability	<u>23,586</u>	<u>21,818</u>
	<u>252,981</u>	<u>200,655</u>

12) DONATION FUND

	2019 RM	2018 RM (As Restated)
Balance at 01 January	245,202	171,856
Additions	98,233	73,346
Expenses	<u>(6,050)</u>	<u>-</u>
Balance at 31 December	<u>337,385</u>	<u>245,202</u>

The breakdown of the fund is as follows:

	2019 RM	2018 RM (As Restated)
Main Fund	140,930	118,110
Talent Development Program	35,193	32,591
Science Awareness Program	5,300	5,300
ArtScience	90,151	69,200
Frontier of Science	5,011	5,001
Sustainable Development	15,000	15,000
S&T Based Start-ups	800	-
Publications	32,000	-
Young Scientists Network	<u>13,000</u>	<u>-</u>
	<u>337,385</u>	<u>245,202</u>

ASM receives donations from ASM members and non-members for the implementation of various programs. Contributions are made on a voluntary basis on a monthly, yearly or one-off basis. Contributions are based on specific objectives in which ASM is responsible for implementing the program when it achieves a certain value.

13) DEFERRED INCOME

	2019 RM	2018 RM (As Restated)
Balance at 01 January	867,295	608,953
Income	1,931,363	1,688,729
Amortisation to Financial Statements Expenses	(1,350,184)	(1,430,387)
Adjustment on Income	<u>(10,091)</u>	<u></u>
Balance at 31 December	<u>1,438,383</u>	<u>867,295</u>

The deferred income fraction is as follows:

	2019 RM	2018 RM (As Restated)
ASM	48,697	-
ASEAN Young Scientists Network	-	-
2019 CCM STEM Up Challenge		
ISC ROAP	<u>1,389,686</u>	<u>867,295</u>
	<u>1,438,383</u>	<u>867,295</u>

Deferred income is an allocation received from a non-Malaysian government and includes international grants or grants from corporate or organizations. ASM is bound by the terms of reference and duration of the program as outlined in the agreement or letter of appointment.

14) DEFERRED GRANT

	2019 RM	2018 RM (As Restated)
Balance at 01 January - (As previously stated)	47,182,050	48,499,882
Prior Year Adjustment	<u>-</u>	<u>(532,376)</u>
Balance at 01 January - (As Restated)	47,182,050	47,967,506
Income	7,498,227	9,029,816
Adjustments (Surplus from Program)	(1,479,550)	(81,395)
Returns of Allocation	(40,603,135)	(750,000)
Amortisation to the Financial Statements Expenses	<u>(1,984,419)</u>	<u>(8,983,877)</u>
Balance as at 31 December	<u>10,613,173</u>	<u>47,182,050</u>

Deferred grants are provisions received from the Malaysian Government for a specific purpose. ASM is bound by the terms of reference and duration of the program as outlined in the agreement or letter of appointment.

Deferred grants are analysed as follows:

	2019 RM	2018 RM (As Restated)
Non-current Liability	<u>10,613,173</u>	<u>47,182,050</u>
	<u>10,613,173</u>	<u>47,182,050</u>

14) DEFERRED GRANT (CONT.)

The breakdown of the deferred grant allocation is as follows:

	2019 RM	2018 RM (As Restated)
ASM		
Study on Rare Earth	-	207,707
MOSTI Social Innovation – Duta Sains	-	203,542
Project Monitoring Team	-	260,174
Newton Ungku Omar Fund (NUOF)	3,484,360	4,279,486
National Policy on Science, Technology and Innovation (NPSTI)	-	504,972
Science Technology and Innovation Master Plan (STIMP)	-	435,528
Malaysian Antarctica Research Program and International Program	-	1,016
Scientific Expedition	-	96,898
National Nobel Laureate Programme and Scientific Advancement Grant Allocation (SAGA)	-	561
Impact Study on the Implementation of the Malaysian Research Universities	23,350	553,336
Mid - Term Review of Malaysia Education Blueprint 2015 - 2025	19,620	597,886
National Entrepreneurship Policy	3,541	-
Task Force Sg Kim Kim	94,369	-
ASEAN Foresight Alliance	8,983	-
Malaysian Collaborative Network Platform for Disruptive Innovation (i-CONNECT)	3,988,807	-
Malaysia Open Science Platform (MOSP)	991,475	-
Review & Update Study on Environmental Quality Act	1,998,668	-
Research, Development & Commercialisation Fund	-	40,040,944
	<u>10,613,173</u>	<u>47,182,050</u>

15) DEFERRED GRANT – INTERNATIONAL OFFICE

	2019 RM	2018 RM (As Restated)
Balance at 01 January	1,664,872	1,488,238
- (As Previously Stated)		
Income	2,505,000	2,334,548
Amortisation to Financial Statements		
Expenses	<u>(2,580,127)</u>	<u>(2,157,914)</u>
Balance at 31 December	<u>1,589,745</u>	<u>1,664,872</u>

Deferred grants are analysed as follows:

	2019 RM	2018 RM (As Restated)
Non-current Liability	<u>1,589,745</u>	<u>1,664,872</u>
	<u>1,589,745</u>	<u>1,664,872</u>

15) DEFERRED GRANT – INTERNATIONAL OFFICE (CONT.)

International Science Council Regional Office for Asia and the Pacific (ISC ROAP)

	2019 RM	2018 RM (As Restated)
Balance at 01 January	864,019	812,865
- (As previously stated)		
Income	1,000,000	871,083
Amortisation to Financial Statements		
Expenses	<u>(867,785)</u>	<u>(819,929)</u>
Balance at 31 December	<u>996,234</u>	<u>864,019</u>

The International Science Council (ISC) works at the global level to catalyse and convene scientific expertise, advice and influence on issues of major concern to both science and society. The ISC was launched in 2018 following a merger of the International Council for Science (ICSU), which was created in 1931, and the International Social Science Council (ISSC), created in 1952.

ISC ROAP (formerly known as ICSU ROAP) is hosted by Malaysian Government since 19 September 2006. The hosting of the Regional Office is based on five (5) year agreement between Malaysian Government and ISC (formerly known as ICSU). The operational cost is funded by Malaysian Government and while programme funded by ISC. The third term will end on 18 September 2021.

International Science, Technology & Innovation Centre (ISTIC)

	2019 RM	2018 RM (As Restated)
Balance at 01 January	800,853	675,373
- (As previously stated)		
Income	1,505,000	1,463,465
Amortisation to Financial Statements		
Expenses	<u>(1,712,342)</u>	<u>(1,337,985)</u>
Balance at 31 December	<u>593,511</u>	<u>800,853</u>

ISTIC is UNESCO Category 2 centre hosted by Malaysian Government since 26 March 2009 (launched on 22 May 2008). ISTIC was established to develop and implement programmes for South-South cooperation in science and technology with the objective of facilitating the integration of a developmental approach into national science and technology and innovation policies; capacity building in science and technology through providing policy advice and exchange of experience and best practices; and creating a problem-solving network of centres of excellence in developing countries as well as supporting the exchange of students, researchers, scientists and technologists among developing countries.

The hosting of the Centre is based on five (5) year agreement between Malaysian Government and UNESCO. The operational cost and programmes of the Centre is funded by Malaysian Government and the third term will end on 7 September 2021.

16) NON-EXCHANGEABLE TRANSACTIONS

	2019 RM	2018 RM (As Restated)
Operating Grant	5,879,871	5,558,292
Additional Grant	4,795,783	3,759,000
	10,675,654	9,317,292
Program Grant	1,182,849	2,871,045
Amortisation of Deferred Grant	1,984,420	8,983,876
Amortisation of Deferred Grant – International Office	2,580,127	2,157,914
Amortisation of Deferred Income	1,350,184	1,430,387
Amortisation of Donation Fund	6,050	-
Other Income:		
Office Rental Charges	82,000	55,000
Refund from International program	-	172,871
Fund Collection for Dinner	400	10,500
Surplus from Project	31,089	356,900
	17,892,773	25,355,785

17) EXCHANGEABLE TRANSACTIONS

	2019 RM	2018 RM (As Restated)
Refund of Deposit	-	168,590
Program Management Charges	-	330,000
Current Account Interest	18,037	6,890
Fixed Deposit Interest	512,308	1,051,436
Recoverable Bad Debt	2,300	-
GST Refund	33,900	-
Other Income	91,816	48,176
	658,361	1,605,092

18) SALARIES AND WAGES

	2019 RM	2018 RM (As Restated)
Permanent staff:	549,976	418,256
Salaries and Wages	168,527	155,311
Fixed Allowance	40,160	30,223
Statutory Contribution to Employees	3,149	10,844
Overtime Allowance	9,694	26,949
Other Employee Benefits	771,506	641,583

ASM’s permanent staff are civil servant personnel who fill out the PSD’s employment warrant. Payment of salaries, wages and fixed costs are in accordance with Service Circular No. 1/2016.

19) SERVICES AND SUPPLIES

	2019 RM	2018 RM (As Restated)
Administrative Cost	1,288,425	1,240,999
Emoluments for Contract Employees	3,856,849	3,823,493
Science Communication	208,936	116,938
Membership Affairs	505,946	466,106
International Affairs	-	-
	5,860,156	5,647,536

Services and Supplies are ASM’s operating expenses which are mainly administrative expenses that include expenditure for facility management, information technology, finance and accounts, The HUB and ASM committees and governance bodies. In addition, salaries and wages for ASM contract employees are designated in accordance with Service Circular No. 2/2008. Payment of wages, wages and fixed costs are in accordance with Service Circular No. 1/2016.

20) SCIENCE PROGRAMME EXPENSES

	2019 RM	2018 RM (As Restated)
Deferred Grant Expenditure		
Project Monitoring Team R,D&C	-	48,048
Newton Ungku Omar Fund (NUOF)	929,355	6,981,254
National Policy on Science, Technology and Innovation (NPSTI)	161,122	348,956
Science Technology and Innovation Master Plan (STIMP)	238,434	367,248
Research, Development & Commercialisation Fund (R,D&C)	-	748,340
<i>Dasar Sains Teknologi dan Inovasi Negara</i> (DSTIN Flagship)	-	448,529
Program MCCE - MOSTI	-	2,000
Bibliometric	-	28,000
ASEAN Journal	-	5,000
Impact Study on the Implementation of the Malaysian Research Universities	283,318	2,127
Mid - Term Review of Malaysia Education Blueprint 2015 - 2025	159,493	4,374
National Entrepreneurship Policy	55,775	
<i>Minggu Sains Negara 2019</i>	75,576	-
Task Force Sg Kim Kim	19,280	-
ASEAN Foresight Alliance	41,017	-
Malaysian Collaborative Network (i-Connect)	11,193	-
Malaysia Open Science Platform (MOSP)	8,525	-
Review & Update Study on Environmental Quality Act	1,332	-
	1,984,420	8,983,876

Deferred Grant Expenditure – International Office		
International Science Council Regional Office for Asia and the Pacific (ISC ROAP)	867,785	819,929
International Science, Technology & Innovation Centre (ISTIC)	1,712,342	1,337,985
	2,580,127	2,157,914

Deferred Income Expenditure		
ISC ROAP	1,293,160	1,430,387
2019 CCM STEM Up Challenge	23,267	-
ASEAN Young Scientists Network	33,757	-
	1,350,184	1,430,387

Collaboration and Excellence Network Activity Science	157,535	3,674,776
	6,072,266	16,246,953

The Science Program is the activities undertaken by ASM to fulfill the 14 functions of ASM as stipulated in the Academy of Sciences Malaysia Act 1994.

21) CONTRIBUTION AND FIXED CHARGES

	2019 RM	2018 RM (As Restated)
<i>Kelab Sukan dan Kebajikan Kakitangan</i> (KSKK)	25,000	25,000
Pension	67,696	47,274
International Subscriptions	41,535	30,050
	<u>134,231</u>	<u>102,324</u>

22) EMPLOYEE BENEFITS

	2019 RM	2018 RM (As Restated)
Permanent Employee Replacement Leave	1,768	16,213
Contract Employee Replacement Leave	25,727	3,758
Contract Employee Rewards/ Gratuity	<u>210,149</u>	<u>162,623</u>
	<u>237,644</u>	<u>182,594</u>

23) OTHER EXPENSES

	2019 RM	2018 RM (As Restated)
Fees, Insurance, Taxes, Stamp Duty	15,256	86,652
Reversal of Accrued Interest	846,945	-
Bad Debts	<u>500,000</u>	<u>-</u>
	<u>1,362,201</u>	<u>86,652</u>

24) RENTAL

	2019 RM	2018 RM (As Restated)
Office Rental	1,143,667	1,088,431
Store Rental	18,340	18,240
Parking Rental	23,400	20,577
Electronic Equipment Rental	4,248	-
Office Equipment Rental	<u>62,340</u>	<u>68,773</u>
	<u>1,251,995</u>	<u>1,196,021</u>

25) TAXATION

	2019 RM	2018 RM (As Restated)
Corporate Taxes:		
Underprovision of Current Year's Tax	214,676	-
Tax Payment	<u>15,279</u>	<u>-</u>
Current Year's Tax Allocation	<u>229,955</u>	<u>-</u>
	<u>44,201</u>	<u>-</u>
Previous Year's Tax Payment		
	<u>274,156</u>	<u>-</u>
Tax	<u><u>274,156</u></u>	<u><u>-</u></u>

26) HUMAN RESOURCE

ASM has permanent staff, contracts and on secondment basis. ASM operations are managed by ASM officers and staff. The total number of ASM employees as of 31 December 2019 was 75 (2018: 73) as follows:

	2019 RM	2018 RM
<u>Permanent Staff</u>		
Top Management Group	1	1
Management and Professional Group	2	2
Implementing Group	6	6
<u>Contract Staff</u>		
Management and Professional Group	46	45
Implementing Group	20	19
<u>Total Staff</u>		
Top Management Group	1	1
Management and Professional Group	48	47
Implementing Group	<u>26</u>	<u>25</u>
	<u>75</u>	<u>73</u>

27) TOP MANAGEMENT

The ASM leadership is led by the ASM Council chaired by the President. The ASM Council determines the direction of ASM and sets ASM policies. All decisions of the ASM Council are carried out by the ASM Management headed by the Chief Executive Officer (CEO). CEO is the ASM Controller and has the authority and responsibility to plan, direct, implement and control ASM activities. The CEO reports on the performance and status of all activities to the ASM Council.

	2019 RM	2018 RM
<u>Member of Council:</u>		
Total Allowance	37,500	31,250
<u>Member of the Finance Committee:</u>		
Total Allowance	11,200	6,400
<u>Member of Exco Committee:</u>		
Total Allowance	2,500	2,500
<u>Key Management Personnel:</u>		
Short Term Benefits	243,764	234,385
	<u>294,964</u>	<u>274,535</u>

Council consists of 16 members which include the President and Ordinary Council members. ASM's Finance Committee members comprise the Honorary Treasurer and 8 regular members.

28) FINANCIAL RISK MANAGEMENT

i. Financial Management Risk Objectives and Policies

ASM’s financial risk management policy aims to ensure that there are sufficient financial resources for business development, managing credit risk, foreign exchange, and liquidity. ASM operates under clearly defined guidelines approved by ASM and ASM’s policy is not to involve ASM in speculative transactions.

ii. Credit Risk

Credit risk or third-party risk of failure to pay is governed by the application of credit approval procedures, limits and strict supervision. Credit risk is minimized and closely monitored by limiting ASM’s cooperation with high-credit business partners. Receivables are monitored continuously through ASM management reporting procedures.

For cash and bank balances, fixed deposits and short-term deposits, ASM reduces credit risk by dealing exclusively with high credit rating financial institutions.

iii. Interest Rate Risk

Interest rate risk is the risk that the fair value or future cash flows of ASM financial instruments will fluctuate due to changes in the interest rate market.

iv. Liquidity Risk

Liquidity and cash flow risk is the risk that ASM will face difficulties in meeting its financial obligations due to lack of funds. ASM’s exposure to liquidity risks arises from differences in the maturity of financial assets and financial liabilities. The table below shows the maturity profile of ASM’s liability at the date of the report based on repayment obligations without contract discounts.

ASM manages liquidity and cash flow risks by ensuring sufficient cash and providing sufficient funds to meet its commitments from operating expenses and financial liabilities.

	Less Than 1 Year RM	More Than 1 Year RM	Total
On 31 December 2019			
Accounts Payable for Exchangeable Transactions	-	-	-
On 31 December 2018			
Accounts Payable for Exchangeable Transactions	4,916,004	-	4,916,004

v. Fair Value

Cash and cash equivalents, receivables and payables equal their fair value due to their short maturity.

29) CONTINGENT ASSET

	2019 RM	2018 RM
Unsecured:		
Warranty provided:		
Fake transaction made by former employee	<u>1,688,475</u>	<u>1,688,475</u>
	<u>1,688,475</u>	<u>1,688,475</u>

In 2018, ASM took legal action against an employee for breach of trust and fraudulent transactions and was convicted under the Civil Division in the Malaya High Court in Kuala Lumpur.

He was ordered to pay RM1,688,475 in damages to ASM for the offense. In view of his inability to pay the damages, the Malaya High Court in Kuala Lumpur advised ASM to file bankruptcy status against him. Following this, ASM filed request for bankruptcy notice on 30 August 2018. Payments due by him will be made immediately to the Insolvency Department after he has been certified bankrupt.

There are no provisions stated in the financial statements of ASM. However, related legal costs have been recognised in the statement of financial position.

30) NOTES FOR STATEMENT OF COMPARISON FOR BUDGET AND ACTUAL

ASM Budget has been approved and presented on a cash basis for the financial year 1 January 2019 to 31 December 2019. The original budget was approved by the Ministry of Energy, Science, Technology, Environment and Climate Change (known as MESTECC) by letter MESTECC.400-4/1/5 (22) dated 23 January 2019. Additional provision was approved by the Ministry of Finance Malaysia (MOF) via letter MOF.NBO.600-9 /1/176 JLD.2 (21) dated 6 September 2019. This additional provision was included in the original budget by ASM after receiving approval to summarise the final budget. In 2019, ASM recorded an additional allocation of RM4,675,653.76 with the approval of MOF and MESTECC.

31) PRIOR YEAR ADJUSTMENTS AND COMPARATIVE FIGURE

Prior year adjustments were recognised as a result of the application and compliance of several MPSAS standards. During the financial year as well, ASM has reclassified the comparative figures to comply with the current financial year presentation. The impact on the financial statements is as follows:

	As Previously Stated RM	Adjustment RM	Classification RM	As Previously Stated RM
31 December 2018				
Statements of Financial Position				
ASSETS				
Current Assets	53,451,178	-	(53,451,178)	-
Cash and Cash Equivalent	-	-	1,154,784	1,154,784
Cash and Balance at Bank	-	-	51,677,584	51,677,584
Fixed Deposits	-	-	618,810	618,810
Short Term Deposit	3,693,687	-	(64,905)	3,628,782
Receivables	785,665	846,945	64,905	1,697,515
Other Current Assets/Other Receivables				
Non-current Assets				
Property, Plant and Equipment	395,570	3,208,458	-	3,604,028
LIABILITIES				
Current Liabilities				
Payables	4,836,324	79,680	-	4,916,004
Employee Benefits	240,689	(61,852)	-	178,837
Donation Fund	-	-	245,202	245,202
Deferred Income	-	867,295	-	867,295
Non-current Liabilities				
Employee Benefits	137,696	(115,878)		21,818
Deferred Grant	48,499,882	(1,317,832)		47,182,050
Deferred Grant – International Office	-	1,664,872	-	1,664,872
NET ASSET/ EQUITY				
Operational Fund	4,428,897	-	(4,428,897)	-
Endowment Fund	245,202	-	(245,202)	-
Project Fund	1,906,813	-	(1,906,813)	-
Capital Reserve Fund	54,590	-	(54,590)	-
Accumulated Surplus	-	915,125	6,390,300	7,305,425
	<u>118,676,193</u>	<u>6,086,813</u>	<u>-</u>	<u>124,763,006</u>

31) PRIOR YEAR ADJUSTMENTS AND COMPARATIVE FIGURE (CONT.)

	As Previously Stated RM	Adjustment RM	Classification RM	As Previously Stated RM
31 December 2018				
Statements of Financial Performance				
INCOME				
Non-exchangeable Transactions	25,111,969	(906,099)	1,149,915	25,355,785
Exchangeable Transactions	211,381	846,945	546,766	1,605,092
Other Income	1,328,055	(1,030)	(1,327,025)	-
EXPENSES				
Services and Supplies	6,545,803	-	(898,266)	5,647,536
Contribution and Fixed Charges	3,660,573	-	(3,558,249)	102,324
Employee Benefits	329,794	(147,200)	-	182,594
Other Expenses	282,643	-	(195,991)	86,652
Science Programme Expenses	12,450,496	3,796,457	-	16,246,953
Rental	-	-	1,196,021	1,196,021
Depreciation of Property, Plant and Equipment	198,410	28,219	-	226,629
	<u>50,119,123</u>	<u>3,617,292</u>	<u>(3,086,829)</u>	<u>50,649,586</u>